

## 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, 2021 and 2020, 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, 2021 and 2020, 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 18, 2021

## International Brotherhood of Electrical Workers and Subsidiaries Consolidated Statements of Financial Position

JUNE 30, 2021 AND 2020

	2021	2020
<b>Assets</b>		
<b>Cash and cash equivalents</b>	\$ 12,323,872	\$ 11,068,052
<b>Receivables</b>		
Loans and advances to chartered bodies	406,000	424,000
Per capita tax receivable	9,971,939	12,905,051
Due from Trust for the IBEW Pension Benefit Fund (PBF)	157,275	828,982
Unbilled rent	6,452,356	5,848,580
Accrued interest and dividends	592,009	654,700
Security sales pending settlement	310,115	5,923,535
Other	583,809	621,380
Total receivables	18,473,503	27,206,228
<b>Investments— at fair value</b>	545,544,107	444,228,807
<b>Property and equipment— at cost</b>		
Land, building and improvements	139,086,208	140,128,444
Furniture and equipment	53,768,163	50,120,284
	192,854,371	190,248,728
Accumulated depreciation	(89,003,871)	(83,450,837)
Net property and equipment	103,850,500	106,797,891
<b>Other assets</b>		
Cash held for reciprocity agreements pending settlement	7,462,291	4,425,796
Deferred leasing, organization and financing costs (net of amortization)	2,500,384	2,766,135
Prepaid expenses	3,375,602	1,248,689
Inventory of merchandise and office supplies, at cost	1,484,041	1,522,852
Excess of pension plan assets over projected benefit obligation	5,657,828	—
Other	1,674,799	2,248,906
Total other assets	22,154,945	12,212,378
Total assets	\$ 702,346,927	\$ 601,513,356
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 7,701,798	\$ 6,801,192
Excess of projected benefit obligation over pension plan assets	—	127,400,451
Liability for postretirement benefits	86,921,000	78,496,000
Security purchases pending settlement	8,159,873	11,250,971
Deferred per capita tax revenue	11,721,924	10,814,585
Reciprocity agreement funds pending settlement	7,461,300	4,425,459
Other	5,336,416	5,426,792
Total liabilities	127,302,311	244,615,450
<b>Net assets without donor restrictions</b>		
Appropriated for additional postretirement benefits	176,851,000	173,768,000
Unappropriated	398,193,616	183,129,906
Total net assets	575,044,616	356,897,906
Total liabilities and net assets	\$ 702,346,927	\$ 601,513,356

## International Brotherhood of Electrical Workers and Subsidiaries Consolidated Statements of Activities and Changes in Net Assets

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>Operating revenue</b>		
Per capita tax	\$ 152,914,203	\$ 150,471,290
Initiation and reinstatement fees	1,606,545	1,787,719
Rental income, net	11,737,829	12,065,593
Sales of supplies	570,860	817,109
Other income	1,881,702	2,947,354
Total operating revenue	168,711,139	168,089,065
<b>Operating expenses</b>		
<b>Program services expenses</b>		
Field services and programs	106,146,307	114,460,137
Media relations	9,020,042	11,817,248
Industry trade programs	18,290,391	19,566,449
Per capita tax expense	7,379,281	7,476,115
Legal defense	2,742,178	2,651,624
Total program services	143,578,199	155,971,573
<b>Supporting services expenses</b>		
Governance and oversight	6,928,604	7,506,618
General administration	9,998,592	10,475,086
Total supporting services	16,927,196	17,981,704
Total operating expenses	160,505,395	173,953,277
<b>Change in net assets from operations before investment and other income</b>	8,205,744	(5,864,212)
<b>Investment income</b>		
Interest and dividends	5,844,625	6,234,071
Net appreciation in fair value of investments	77,131,806	3,997,258
Investment expenses	(933,804)	(953,672)
Net investment income	82,042,627	9,277,657
<b>Other income (expense)</b>		
Gain (loss) on sale of property and equipment	(137,332)	(282,609)
Currency translation adjustment	2,177,323	(789,239)
Total other income (expense)	2,039,991	(1,071,848)
<b>Change in net assets from operations after investment and other income</b>	92,288,362	2,341,597
<b>Other components of defined benefit pension and postretirement net periodic benefit cost</b>		
Pension benefits	(681,772)	3,757,845
Postretirement health care benefits	(1,630,000)	(1,656,000)
<b>Defined benefit pension and postretirement benefit changes other than net periodic benefit cost</b>		
Pension benefits	134,292,858	(54,071,581)
Postretirement health care benefits	(6,122,738)	(2,730,142)
<b>Appropriation of net assets to fund postretirement benefits not yet accrued</b>	(3,083,000)	(5,856,000)
<b>Change in net assets without donor restrictions, unappropriated</b>	215,063,710	(58,214,281)
<b>Net assets without donor restrictions, unappropriated</b>		
Beginning of year	183,129,906	241,344,187
End of year	\$ 398,193,616	\$ 183,129,906
<b>Net assets without donor restrictions, appropriated</b>		
Beginning of year	\$ 173,768,000	\$ 167,912,000
Appropriation of net assets to fund postretirement benefits not yet accrued	3,083,000	5,856,000
End of year	\$ 176,851,000	\$ 173,768,000

## International Brotherhood of Electrical Workers and Subsidiaries Consolidated Statements of Functional Expenses

YEARS ENDED JUNE 30, 2021 AND 2020

	2021							
	Program Services					Supporting Services		Total
	Field Services and Programs	Media Relations	Industry Trade	Per Capita Tax	Legal Defense	Governance and Oversight	General Administration	
Salaries	\$ 45,882,788	\$ 2,108,657	\$ 8,201,514	\$ -	\$ -	\$ 3,154,849	\$ 5,719,732	\$ 65,067,540
Payroll taxes and employee benefits	41,236,376	1,905,105	7,348,915	-	-	2,857,966	5,255,834	58,604,196
Per capita taxes	-	-	-	7,379,281	-	-	-	7,379,281
Professional fees	1,793,295	57,713	552,403	-	2,742,178	76,067	720,992	5,942,648
Travel and related expenses	1,487,915	4,803	57,772	-	-	34,440	2,305	1,587,235
Electrical Worker printing and mailing expenses	-	4,547,184	-	-	-	-	-	4,547,184
Other expenses	8,451,703	180,674	1,636,676	-	-	341,798	543,519	11,154,370
Administrative reimbursement from PBF	-	-	-	-	-	-	(2,800,000)	(2,800,000)
Building operations	8,965,451	292,711	791,840	-	-	578,395	764,544	11,392,941
Total operating expense	107,817,528	9,096,847	18,589,120	7,379,281	2,742,178	7,043,515	10,206,926	162,875,395
Less: software development costs capitalized	(1,671,221)	(76,805)	(298,729)	-	-	(114,911)	(208,334)	(2,370,000)
Net operating expense	106,146,307	9,020,042	18,290,391	7,379,281	2,742,178	6,928,604	9,998,592	160,505,395
Other components of defined benefit pension and postretirement net periodic benefit cost	1,626,660	75,151	289,894	-	-	112,739	207,328	2,311,772
Total	\$ 107,772,967	\$ 9,095,193	\$ 18,580,285	\$ 7,379,281	\$ 2,742,178	\$ 7,041,343	\$ 10,205,920	\$ 162,817,167

  

	2020							
	Program Services					Supporting Services		Total
	Field Services and Programs	Media Relations	Industry Trade	Per Capita Tax	Legal Defense	Governance and Oversight	General Administration	
Salaries	\$ 45,795,233	\$ 2,171,798	\$ 8,092,744	\$ -	\$ -	\$ 3,067,934	\$ 5,770,636	\$ 64,898,345
Payroll taxes and employee benefits	39,273,268	1,850,509	6,937,931	-	-	2,628,816	4,927,984	55,618,508
Per capita taxes	-	-	-	7,476,115	-	-	-	7,476,115
Professional fees	1,296,750	45,370	513,502	-	2,651,624	60,354	514,259	5,081,859
Travel and related expenses	5,303,122	36,310	505,680	-	-	313,374	17,582	6,176,068
Electrical Worker printing and mailing expenses	-	4,629,742	-	-	-	-	-	4,629,742
Other expenses	13,478,380	2,816,140	2,836,319	-	-	876,032	1,117,058	21,123,929
Administrative reimbursement from PBF	-	-	-	-	-	-	(2,565,000)	(2,565,000)
Building operations	9,313,384	267,379	680,273	-	-	560,108	692,567	11,513,711
Total operating expense	114,460,137	11,817,248	19,566,449	7,476,115	2,651,624	7,506,618	10,475,086	173,953,277
Other components of defined benefit pension and postretirement net periodic benefit cost	(1,484,153)	(69,931)	(262,187)	-	-	(99,344)	(186,230)	(2,101,845)
Total	\$ 112,975,984	\$ 11,747,317	\$ 19,304,262	\$ 7,476,115	\$ 2,651,624	\$ 7,407,274	\$ 10,288,856	\$ 171,851,432

## International Brotherhood of Electrical Workers and Subsidiaries Consolidated Statements of Cash Flows

YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
Cash flows from				
Affiliated chartered bodies	\$ 158,932,059	\$ 152,594,343		
Interest and dividends	5,907,316	7,219,092		
Rental income	11,314,412	12,732,827		
Participant contributions collected on behalf of PBF	92,318,735	89,557,751		
Reimbursement of administrative expenses from PBF	2,800,000	2,565,000		
Other	1,919,273	2,913,304		
Cash provided by operations	273,191,795	267,582,317		
Cash paid for				
Salaries, payroll taxes, and employee benefits	(110,607,873)	(117,492,792)		
Service providers, vendors and others	(38,373,774)	(47,632,659)		
Participant contributions remitted to PBF	(91,412,028)	(90,327,023)		
Per capita tax	(7,379,281)	(7,476,115)		
Interest	(58,342)	(98,700)		
Cash used for operations	(247,831,298)	(263,027,289)		
Net cash provided by operating activities	25,360,497	4,555,028		
<b>Cash flows from investing activities</b>				
Repayments on loans and advances made to chartered bodies	18,000	59,415		
Purchases of property and equipment	(3,330,932)	(3,612,108)		
Purchases of investments	(333,451,913)	(182,927,899)		
Proceeds from sales of property and equipment	45,475	50,905		
Proceeds from sales of investments	296,837,325	166,664,777		
Net short-term cash investment transactions	14,953,416	17,562,316		
Net cash provided by (used for) investing activities	(24,928,629)	(2,202,594)		
<b>Cash flows from financing activities</b>				
Principal repayments under capital lease obligations	(1,353,371)	(880,255)		
Net cash used for financing activities	(1,353,371)	(880,255)		
Effect of exchange rate changes on cash and cash equivalents	2,177,323	(789,239)		
Net change in cash and cash equivalents	1,255,820	682,940		
Cash and cash equivalents				
Beginning of year	11,068,052	10,385,112		
End of year	\$ 12,323,872	\$ 11,068,052		
<b>Supplemental disclosure</b>				
Property and equipment acquired under capital lease obligations	\$ 1,306,386	\$ 1,799,556		

REPORT OF INDEPENDENT AUDITORS *continued on page 14*

## International Brotherhood of Electrical Workers and Subsidiaries

# Notes to Consolidated Financial Statements

YEARS ENDED JUNE 30, 2021 AND 2020

### 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.

**Financial Statement Presentation** — Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic *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 perpetual.

As of June 30, 2021 and 2020, 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 reported 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, 2021 and 2020 were settled in July 2021 and 2020, 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, 2021 and 2020.

**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 and capital leases	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.

**Revenue Recognition** — Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to our members and customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Except for goods and services provided in connection with per capita tax, which are transferred over the period of membership, all goods and services are transferred at a point in time. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

**Per capita taxes** — Per capita taxes entitle members to a bundle of goods and services that are considered a single performance obligation and provided ratably over the membership period. Per capita tax payments are generally required in advance and amounts not yet recognized as revenue are deferred to the applicable membership period.

**Initiation and reinstatement fees** — Initiation and reinstatement fees are assessments levied and recognized at the time of initiation or reinstatement.

**Sales of merchandise and supplies** — Sales of merchandise and supplies entitle members and customers to IBEW branded goods for which revenue is recognized when goods are shipped to the member/customer.

**Revenue from other exchange transactions** — Event registrations are recognized as revenue when the event is held, and royalties are recognized as revenue as underlying sales are made.

**Contributions** — Contributions received are reported as increases in net assets without donor restrictions unless received with donor stipulations that require the assets be used for specific purposes or in specific time periods. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

**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 statements 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 consolidated 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.

**Reclassifications** — Certain reclassifications have been made to amounts previously reported for 2020 to conform to the presentation in the 2021 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 (there were no unrelated activities during the years ended June 30, 2021 and 2020). 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, 2018 through 2020 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 appropriated \$176,851,000 as of June 30, 2021 and \$173,768,000 as of June 30, 2020 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, 2021 and 2020.

	2021	2020
<b>Total assets</b>	\$ 702,346,927	\$ 601,513,356
<b>Less nonfinancial assets</b>		
Net property and equipment	(103,850,500)	(106,797,891)
Net deferred leasing, organization, and financing costs	(2,500,384)	(2,766,135)
Prepaid expenses	(3,375,602)	(1,248,689)
Inventory	(1,484,041)	(1,522,852)
Excess of pension plan assets over PBO	(5,657,828)	—
Other nonfinancial assets	(1,674,799)	(2,248,906)
<b>Total financial assets</b>	583,803,773	486,928,883
<b>Less amounts unavailable within one year</b>		
Appropriated for additional postretirement benefits	(176,851,000)	(173,768,000)
Reciprocity Agreement funds pending settlement	(7,461,300)	(4,425,459)
Loans and advances to chartered bodies not expected to be collected within one year	(388,000)	(406,000)
Unbilled rent receivable not expected to be collected within one year	(6,452,356)	(5,813,761)
<b>Total financial assets available for general expenditures within one year</b>	\$ 392,651,117	\$ 302,515,663

**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, 2021	
	Cost	Fair Value
Short-term cash investments	\$ 27,568,794	\$ 27,568,794
Government and government agency obligations	40,559,438	41,352,517
Corporate bonds and notes	75,186,592	76,195,883
Preferred stock	190,800	193,406
Common stock	90,262,697	161,254,051
Mortgage loans	1,500,974	1,603,977
Mutual funds	46,423,063	59,008,196
103-12 entities	29,108,604	54,424,588
Other alternative investments	1,500,000	-
INDURE REIT LLC	46,627,454	92,979,492
AFL-CIO Housing Investment Trust	30,773,883	30,963,203
	<u>\$ 389,702,299</u>	<u>\$ 545,544,107</u>

	June 30, 2020	
	Cost	Fair Value
Short-term cash investments	\$ 42,323,161	\$ 42,323,161
Government and government agency obligations	31,421,546	32,234,944
Corporate bonds and notes	48,937,722	49,709,043
Preferred stock	190,800	174,574
Common stock	123,678,520	160,035,371
Mortgage loans	1,747,463	1,865,093
Mutual funds	10,916,984	9,658,708
103-12 entities	19,177,522	39,030,824
Other alternative investments	1,500,000	-
INDURE REIT LLC	46,627,454	88,318,638
AFL-CIO Housing Investment Trust	20,138,048	20,878,451
	<u>\$ 346,659,220</u>	<u>\$ 444,228,807</u>

**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 (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 full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of 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, 2021:

Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term cash investments	\$ 27,568,794	\$ -	\$ 27,568,794	\$ -
Government and government agency obligations	41,352,517	5,647,633	35,704,884	-
Corporate bonds and notes	76,195,883	-	76,195,883	-
Preferred stock	193,406	-	193,406	-
Common stock	161,254,051	136,536,918	-	24,717,133
Mortgage loans	1,603,977	-	1,603,977	-
Mutual funds	59,008,196	59,008,196	-	-
Total	367,176,824	\$ 201,192,747	\$ 141,266,944	\$ 24,717,133
Investments measured at NAV*	178,367,283			
Investments at fair value	<u>\$ 545,544,107</u>			

\*Investments that were measured at NAV 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 set forth, by level within the fair value hierarchy, the International Union's investment assets at fair value as of June 30, 2020:

Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term cash investments	\$ 42,323,161	\$ -	\$ 42,323,161	\$ -
Government and government agency obligations	32,234,944	10,791,069	21,443,875	-
Corporate bonds and notes	49,709,043	-	49,709,043	-
Preferred stock	174,574	-	174,574	-
Common stock	160,035,371	139,208,426	-	20,826,945
Mortgage loans	1,865,093	-	1,865,093	-
Mutual funds	9,658,708	9,658,708	-	-
Total	296,000,894	\$ 159,658,203	\$ 115,515,746	\$ 20,826,945
Investments measured at NAV*	148,227,913			
Investments at fair value	<u>\$ 444,228,807</u>			

\*Investments that were measured at NAV 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 table sets forth a summary of the changes in fair value of the International Union's Level 3 assets for the year ended June 30, 2021:

Changes in Level 3 Category	Stock
Beginning Balance – 7/1/2020	\$ 20,826,945
Net gains (realized/unrealized)	3,890,188
Purchases	-
Sales	-
Transfers in/out Level3	-
Ending Balance – 6/30/2021	<u>\$ 24,717,133</u>

The following table sets forth a summary of the changes in fair value of the International Union's Level 3 assets for the year ended June 30, 2020:

Changes in Level 3 Category	Stock
Beginning Balance – 7/1/2019	\$ 16,036,407
Net gains (realized/unrealized)	4,790,538
Purchases	-
Sales	-
Transfers in/out Level3	-
Ending Balance – 6/30/2020	<u>\$ 20,826,945</u>

Following are the descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2021 and 2020.

#### 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 bonds and notes, preferred stock 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.

Short-term cash investments are valued at cost which approximates fair value.

#### Level 3

Common 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 net asset value per share is the amount of the investee's net assets attributable to each unit share of ownership interest.

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, 2021 by investment strategy:

Description	Fair Value (in millions)	Unfunded commitments (in millions)	Redemption frequency	Redemption notice period
a.103-12 investment entities	\$ 54.4	\$ –	Daily, Monthly	One day, 30 days
b. AFL-CIO HIT	31.0	–	Monthly	15 days
c. INDURE REIT LLC	93.0	–	Maximum20% redemptions allowed for24 months follow- ing 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 \$41.0 million and another in the ULLICO Diversified International Equity Fund for \$13.4 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.

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, 2020 by investment strategy:

Description	Fair Value (in millions)	Unfunded commitments (in millions)	Redemption frequency	Redemption notice period
a.103-12 investment entities	\$ 39.0	\$ –	Daily, Monthly	One day, 30 days
b. AFL-CIO HIT	20.9	–	Monthly	15 days
c. INDURE REIT LLC	88.3	–	Maximum20% redemptions allowed for24 months follow- ing 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 \$29.8 million and another in the ULLICO Diversified International Equity Fund for \$9.2 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.

#### 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, 2021 and 2020 is summarized as follows:

	2021	2020
<b>Reported as part of compensation expense</b>		
Service cost	\$ 25,326,433	\$ 23,014,307
<b>Reported as other changes in net assets</b>		
Interest cost	22,260,945	23,235,903
Expected return on plan assets	(36,069,490)	(35,837,573)
Net amortization of loss	14,490,317	8,843,825
	681,772	(3,757,845)
<b>Net periodic pension cost</b>	<b>\$ 26,008,205</b>	<b>\$ 19,256,462</b>

Total amounts recognized as changes in unrestricted net assets separate from expenses 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, 2021 and 2020 are as follows:

	2021	2020
<b>Net actuarial loss</b>	<b>\$ (134,292,858)</b>	<b>\$ 54,071,581</b>

Amounts that have not yet been recognized as components of net periodic pension cost as of June 30, 2021 consist of the following:

<b>Net actuarial loss</b>	<b>\$ 69,898,916</b>
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The net periodic pension cost is based on the following weighted-average assumptions at the beginning of the year:

	2021	2020
<b>Discount rate</b>	3.50%	4.00%
<b>Average rate of compensation increase</b>	4.00%	4.25%
<b>Expected long-term rate of return on plan assets</b>	7.00%	7.00%

The plans' obligations and funded status as of June 30, 2021 and 2020 are summarized as follows:

	2021	2020
<b>Fair value of plan assets</b>	\$ 681,075,558	\$ 532,793,378
<b>Projected benefit obligation</b>	675,417,730	660,193,829
<b>Excess (deficiency) of plan assets over projected benefit obligation</b>	\$ 5,657,828	(\$ 127,400,451)

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

	2021	2020
<b>Discount rate</b>	3.50%	3.50%
<b>Average rate of compensation increase</b>	4.00%	4.00%

Employer contributions, employee contributions and benefit payments for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
<b>Employer contributions</b>	\$ 24,773,626	\$ 24,641,939
<b>Employee contributions</b>	1,890,552	1,888,925
<b>Benefit payments</b>	31,887,487	29,056,060

Total expected employer contributions for the year ending June 30, 2022 are \$24.7 million.

Total expected benefit payments for the next 10 fiscal years are as follows:

Year ending June 30, 2022	\$ 31,404,449
2023	31,858,554
2024	32,693,158
2025	33,646,126
2026	34,813,276
Years 2027–2031	189,679,222

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, 2021 and 2020, by asset category, are as follows:

Asset category	2021	2020
<b>Cash and cash equivalents</b>	5%	4%
<b>Equity securities</b>	58%	60%
<b>Debt securities</b>	21%	21%
<b>Real estate and other</b>	16%	15%
	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, 2021:

Description	Total Investments at June 30, 2021	Quoted Market Prices for Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Unitized Pool Investments</b>				
Common stock	\$ 112,237,160	\$ 112,237,160	\$ -	\$ -
Preferred stock	193,406	-	193,406	-
Corporate bonds	28,206,256	-	28,206,256	-
U.S. Government and government agency obligations	22,709,382	8,854,220	13,855,162	-
Municipal bonds	9,036,434	-	9,036,434	-
Registered investment companies	94,813,628	94,813,628	-	-
Common/collective trusts	11,002,994	-	-	11,002,994
	278,199,260	\$ 215,905,008	\$ 51,291,258	\$ 11,002,994
Investments measured at net asset value*	360,086,417			
<b>Total</b>	638,285,677			

**Non-Pool Investments**

Cash and cash equivalents	986,104	\$ 986,104	\$ -	\$ -
Common/collective trusts	23,200,972	-	-	23,200,972
Canadian Government obligations	7,430,036	1,190,950	6,239,086	-
Corporate obligations	6,198,736	-	6,198,736	-
Common stocks	33,648,597	33,648,597	-	-
	71,464,445	\$ 35,825,651	\$ 12,437,822	\$ 23,200,972

Investments measured at net asset value\*

2,529,902

Total 73,994,347

**Other Assets and Liabilities**

Cash	295,249
Contributions receivable	145,000
Accrued investment income receivable	703,664
Accounts payable and accrued expenses	(413,569)
Net transactions pending settlement	(10,056,734)
<b>Total</b>	(9,326,390)
Net assets, total	702,953,634
Less: share to other employers	(21,878,076)
<b>Fair value of plan assets</b>	\$ 681,075,558

\*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, 2020:

Description	Total Investments at June 30, 2020	Quoted Market Prices for Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Unitized Pool Investments</b>				
Common stock	\$ 191,199,692	\$ 191,199,692	\$ -	\$ -
Preferred stock	174,574	-	174,574	-
Corporate bonds	27,110,027	-	27,110,027	-
U.S. Government and government agency obligations	14,865,315	4,277,005	10,588,310	-
Municipal bonds	12,301,970	-	12,301,970	-
Registered investment companies	1,690,593	1,690,593	-	-
Common/collective trusts	11,393,987	-	-	11,393,987
	258,736,158	\$ 197,167,290	\$ 50,174,881	\$ 11,393,987
Investments measured at net asset value*	246,114,684			
<b>Total</b>	504,850,842			

**Non-Pool Investments**

Cash and cash equivalents	621,324	\$ 621,324	\$ -	\$ -
Common/collective trusts	11,318,171	-	-	11,318,171
Canadian Government obligations	6,240,965	1,164,660	5,076,305	-
Corporate obligations	6,769,417	-	6,769,417	-
Common stocks	22,055,137	22,055,137	-	-
	47,005,014	\$ 23,841,121	\$ 11,845,722	\$ 11,318,171

Investments measured at net asset value\*

1,966,819

Total 48,971,833

**Other Assets and Liabilities**

Cash	4,925
Accrued investment income receivable	606,129
Accounts payable and accrued expenses	(701,244)
Net transactions pending settlement	(3,213,800)
<b>Total</b>	(3,303,990)
Net assets, total	550,518,685
Less: share to other employers	(17,725,307)
<b>Fair value of plan assets</b>	\$ 532,793,378

\*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, 2021 and 2020:

Changes in Level 3 Category	Common/Collective Trusts	
	2021	2020
Beginning balance– 7/1/	\$ 22,712,158	\$ 20,393,927
Net gains(realized/unrealized)	–	–
Purchases	117,780,442	105,231,432
Sales	(106,288,634)	(102,913,201)
Ending balance– 6/30/	\$ 34,203,966	\$ 22,712,158

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 \$1,401,000 and \$1,138,807 as of June 30, 2021 and 2020, respectively. The International Union also contributes to a multiemployer defined benefit pension plan on behalf of its employees. Contributions to this plan were \$1,196,295 and \$1,191,716 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020:

	2021	2020
<b>Reported as part of compensation expense</b>		
Service cost	\$ 3,335,000	\$ 3,372,000
<b>Reported as other changes in net assets</b>		
Interest cost	2,987,000	3,074,000
Amortization of prior service cost	(1,357,000)	(1,418,000)
	1,630,000	1,656,000
<b>Total postretirement benefit cost</b>	\$ 4,965,000	\$ 5,028,000

The accumulated postretirement benefit obligation and funded status at June 30, 2021 and 2020 are as follows:

	2021	2020
<b>Postretirement benefit obligation</b>	\$ 86,921,000	\$ 78,496,000
<b>Fair value of plan assets</b>	–	–
<b>Excess of postretirement benefit obligation over plan assets</b>	\$ 86,921,000	\$ 78,496,000

The above postretirement benefit cost does not represent the actual amount paid (net of estimated Medicare Part D subsidies) of \$2,773,000 and \$2,478,000 for the years ended June 30, 2021 and 2020, respectively. Amounts of as June 30, 2021 that have been recognized in net assets but not yet amortized into net periodic postretirement benefit cost are:

Prior service cost	\$ (2,673,000)
Net gain	2,740,000
	\$ 67,000

The amounts that will be amortized from net assets into net periodic benefit cost during 2022 total (\$1,357,000).

During the year ended June 30, 2021, the International Union paid the NECA/IBEW Family Medical Care Plan approximately \$15,700,000 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:

	2021	2020
<b>Discount rate</b>	3.50%	4.00%

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

	2021	2020
<b>Discount rate</b>	3.50%	4.00%

The assumed health care cost trend rates used to measure the expected cost of benefits for the year ended June 30, 2021, were assumed to increase by 8.0% for medical, 5.5% for green shield, 10.5% for dental/vision, 5.0% for Medicare Part B premiums, and 3.28% for legal costs. Thereafter, rates for increases in medical were assumed to gradually decrease until they reach 3.28% over 20 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, 2021 by \$11,365,000 and \$1,138,000, 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, 2021 by \$8,953,000 and \$856,000, respectively.

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

Year ending June 30, 2022	\$ 2,968,000
2023	3,121,000
2024	3,296,000
2025	3,490,000
2026	3,688,000
Years 2027–2031	20,841,000

The International Union appropriated investments of \$176,851,000 at June 30, 2021 to pay for future post-retirement benefit costs.

#### Note 8. Contract Balances

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities associated with revenue from exchange transactions. All of IBEW's contract assets are considered accounts receivable and are included within the accounts receivables balance in the consolidated statements of financial position. All of IBEW's contract liabilities are included with deferred revenues in the consolidated statements of financial position. Balances in these accounts as of the beginning and end of the years ended June 30, 2021 and 2020 are as follows.

	2021	2020	2019
<b>Receivables</b>			
Per capita tax	\$ 9,971,939	\$ 12,905,051	\$ 11,890,498
Merchandise sales	226,381	33,868	421,968
	\$ 10,198,320	\$ 12,938,919	\$ 12,312,466
<b>Deferred revenue</b>			
Per capita tax	\$ 11,721,924	\$ 10,814,585	\$ 10,281,807
Convention income	2,023,486	1,604,904	1,477,601
	\$ 13,745,410	\$ 12,419,489	\$ 11,759,408

#### 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, 2021 and 2020, the International Union recognized as revenue \$588,044 and \$609,618, 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 \$2,800,000 and \$2,565,000, for the years ended June 30, 2021 and 2020, 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 2031, 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, 2022	\$ 9,256,329
2023	9,230,215
2024	8,539,765
2025	7,085,348
2026	6,247,179
Thereafter	20,747,459

**Note 13. Capital Leases**

The International Union has entered into a master lease agreement for automobiles that qualifies as a capital lease arrangement. As such, the leased automobiles are capitalized and depreciated over their respective lease terms, and a liability is reported for the net present value of the future lease payments due. Remaining lease payments as of June 30, 2021 are due as follows:

Year ending June 30, 2022	\$ 1,034,267
2023	342,446
	<u>1,376,713</u>
Less amount representing interest	<u>(111,837)</u>
Net present value of remaining lease payments	<u>\$ 1,264,876</u>

**Note 14. 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.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on IBEW's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on IBEW's members, employees, and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact IBEW's financial position, changes in net assets, and cash flows is uncertain, and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

**Note 15. Subsequent Events Review**

Subsequent events have been evaluated through October 18, 2021, 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. ■



*The Electrical Worker* was the name of the first official publication of the National Brotherhood of Electrical Workers in 1893 (the NBEW became the IBEW in 1899 with the expansion of the union into Canada). The name and format of the publication have changed over the years. This newspaper is the official publication of the IBEW and seeks to capture the courage and spirit that motivated the founders of the Brotherhood and continue to inspire the union's members today. The masthead of this newspaper is an adaptation of that of the first edition in 1893.

# GROUNDED IN HISTORY

## One Hundred Years of Security

From its inception, the IBEW has been bound by the principle that brotherhood and benefits are inseparable. It is for that reason that our union has paid death benefits since day one, even when it nearly drove us to bankruptcy. Death benefits for electrical workers were extremely important in the early days, precisely because the work was so dangerous that no company would insure our members at any premium. Union members often passed the hat to ensure a decent burial for their brothers who died on the job. Even the funeral costs for our founder Henry Miller had to be supplemented by two local unions and his employer. This month we celebrate the evolution of this important benefit and its eventual culmination in the Electrical Workers Benefit Association, created exactly 100 years ago.

In 1891, our founding convention established a \$50 funeral benefit for members and \$25 for their spouses, paid for by a per capita tax of \$0.10 per month. This benefit was doubled at the 1892 convention to \$100 and \$50 respectively. In 1893, in an attempt to address our growing deficit, the per capita tax was raised to \$0.15 per month and conventions were moved to every 2 years. By 1895, our deficit had not only grown but was made worse by an unemployment crisis which saw a loss of almost half our membership. It was determined that the funeral benefit for spouses was too heavy a burden for the treasury and it was abolished. In addition, our initiation fee was increased to \$5 and the per capita tax was raised to \$0.25 per month.

It was at this point that the IBEW entered an era of financial stability. Membership slowly increased, the deficit was eliminated, and benefits remained steady. At the 1909 convention, delegates took the next step and established a graduated system of death benefits starting at \$100 for a member in good standing for 1 year and capping at \$300 once they reached 5 years. Over the next decade, with this new system in place, the International Office began a detailed study of fatality rates and their causes within the electrical industry. The results were eye opening: over half of all electrical worker deaths were caused by electrocution or injuries from hazards associated with the industry. The consequences of this report were threefold: it laid the foundation for a Research Department at the I.O.; it strengthened a growing movement for national safety standards; and it led directly to the establishment of the Electrical Workers Benefit Association (EWBA).

The EWBA was proposed and approved at the IBEW's 16th convention in 1921 and became effective on Jan. 1, 1922. Its purpose, as stated in the proposal, was to answer "the growing demand for insurance protection, because a large percentage of the brotherhood's members are rated as extra-hazardous risks by insurance companies and the opportunity for a member to create an estate for his family and dependents has been exceedingly prohibitive if not entirely so." Paid for by an increase of \$2 to the initiation fee, the EWBA was organized labor's first insurance program. Benefits started at \$300 for a first-year member and capped at \$1000 once members reached 5 years. These amounts allowed the IBEW to compete with the growing rise of "company unions" while raising morale and loyalty amongst rank-and-file members.

The First Convention of the EWBA took place at the 1923 Convention in Montreal, Quebec, the first IBEW Convention held outside the United States. Delegates approved of additional benefits to the program and strengthened feelings of brotherhood between American and Canadian IBEW members. Over the next two years the EWBA would prove a financial success, ensuring that the IBEW would always have sufficient resources to provide a dignified burial when an IBEW member passed away.

The EWBA existed in this form for another 50 years. In 1966, at the IBEW's Diamond Jubilee Convention, delegates voted to strengthen the IBEW Pension Benefit Fund (PBF), established in 1927, by adding a death benefit of \$1,000 for natural causes and \$2,000 for work-related deaths. This was supplemental to the benefit already provided by the EWBA. And after 70 years in operation, the EWBA was merged with the PBF in 1992, by action of the IBEW's 1991 convention. By that time, the EWBA death benefit had been raised to \$2,400 for both active and retired members. Combining the funds resulted in significant administrative cost savings while producing no increase in dues.

The last major change to the PBF occurred at the 2011 Convention in Vancouver where delegates raised the monthly contribution rate to \$16 effective January 1, 2015. This increase ensured that the PBF could continue its mission of providing pension and death benefits, the very first benefit approved by our founders, to IBEW members and their beneficiaries for generations to come. ■



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We welcome letters from our readers. The writer should include his or her name, address and, if applicable, IBEW local union number and card number. Family members should include the local union number of the IBEW member to whom *The Electrical Worker* is mailed. Please keep letters as brief as possible. *The Electrical Worker* reserves the right to select letters for publication and edit all submissions for length.

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