GROUNDED IN HISTORY

A Seat at the Table

Politics has always loomed large in the fight for workers' rights. It is why, in 1920, the IBEW relocated its International Office to Washington, D.C. But proximity is only half the battle; electing leaders who are receptive to the IBEW's message is the other. When labor has allies in Washington, the IBEW gets a seat at the table.

This has never been more true than now, with the IBEW exercising unprecedented influence in the Biden administration. That influence has resulted in several pieces of major legislation paving the way to tens of thousands of union electrical jobs, as well as favorable executive orders and pro-union agency officials.

Getting to this point was a long, winding journey of making inroads and suffering setbacks.

One of U.S. labor's earliest and most significant political victories was the passage of the National Industrial Recovery Act, or NIRA, signed into law by President Franklin Roosevelt in 1933. This groundbreaking legislation established labor-code language for maximum work hours, minimum wage and the right to collective bargaining. The National Labor Relations Board was established to ensure employers' compliance with the act, and advisory committees coordinated efforts between the Labor Department and workers in the field.

International President Howell Broach (1929-1933) and his successor, Daniel Tracy (1933-1940), served on these committees, and each testified to Congress on NIRA's effectiveness. The act expanded the Tennessee Valley Authority, which was then fully unionized by Tracy, and laid the groundwork for the Rural Electrification Act. In 1935, FDR appointed Tracy as the first U.S. labor delegate to the International Labor Conference, and then as labor adviser to the secretary of state in 1938, which gave the IBEW recognition and influence on the world stage. By the end of the decade, IBEW membership had increased 400%.

With the outbreak of war in Europe, FDR again turned to the IBEW to ensure that America was prepared. In 1940, Tracy stepped down as international president to serve as FDR's assistant secretary of labor. In this position, he worked closely with the National Defense Advisory Commission, which included fellow IBEW member Joseph Kennan, former business manager of Chicago Local 134. In 1943, Kennan became vice chairman for labor on the War Production Board, where he worked to stabilize industrial relations in the construction field. Thanks to these two men, the IBEW was involved in 95% of all war-related construction efforts during World War II.

After the war, Tracy was again elected international president while also serving as America's labor delegate during the creation of the United Nations. Looking back on his decision to join FDR's administration, Tracy said "the interests of the IBEW and organized labor as a whole could best be served by having persons cognizant of the aims and interests of labor in key government positions."

The same was true for Kennan. From 1945 to 1948, he served in postwar Germany as an advisor to U.S. Commander General Lucius D. Clay and as President Harry Truman's special coordinator between labor and industry for the purpose of reorganizing European trade unions. For his effort, he received the Presidential Medal of Merit in 1946. In 1954, Kennan was elected international secretary-treasurer of the IBEW, a position he held until 1976. During this time, he acted as labor liaison for the presidential campaigns of John F. Kennedy (1960) and Lyndon B. Johnson (1964), bringing the IBEW perspective to each administration.

In 1961, Kennedy turned to the IBEW to help guide our country's burgeoning nuclear power utilities. He appointed International President Gordan Freeman (1955-1968) to the U.S. Atomic Commission and tasked him with developing the industry's first training seminars, which were all held at the IBEW International Office. This initiative ensured that it would be IBEW members performing the groundbreaking work. The next year, with IBEW support, Kennedy signed Executive Order 10988, allowing millions of federal employees to join unions. This resulted in public sector unionization growing tenfold between 1955 and 1975.

In the next few decades, it was often difficult to find a labor ally in the White House. In the late 1970s, President Jimmy Carter appointed International President Charles Pillard (1968-1986) to his Advisory Committee for U.S. Trade Negotiations. And while Carter was a strong supporter of Davis-Bacon prevailing wage laws and a constant critic of "right to work" bills, most of his efforts were undone by the Reagan administration.

It wasn't until the election of President Bill Clinton in 1993 that IBEW influence in the White House was rekindled. Clinton rescinded much of the Reagan and George H.W. Bush administrations' anti-labor executive orders. He added more front-line enforcers to the Labor Department, appointed allies to the NLRB and placed labor leaders throughout the federal agencies.

One of those leaders was International President John Barry (1986-2001), who was appointed to the President's Competitiveness Policy Council and the Export Council, where he advised Clinton on policies that affect workers' rights and legislation that opened foreign markets to goods produced by IBEW members. The Competitiveness Policy Council made several important recommendations regarding pensions and workforce training, highlighting the success of the IBEW's apprenticeship program. And during Barry's tenure on the Export Council, the yearly value of U.S. exports topped $1 trillion for the first time, while the number of jobs supported by those exports grew by 1.4 million.

International President Charles Pillard and President Jimmy Carter in 1978. Carter named Pillard to the Advisory Committee for U.S. Trade Negotiations.

In 2008, International President Edwin D. Hill (2001-2016) joined Barack Obama's presidential campaign as labor liaison. Once in office, Obama oversaw the largest investment in clean energy with the passage of the Recovery Act in 2009, which provided funding for advanced battery manufacturing plants and for upgrading the capacity of the nation's electrical grid. Like JFK before him, Obama recognized the IBEW's expertise in nuclear power and the role it could play in achieving energy independence.

That is why, in 2013, Obama chose the training center of Washington, D.C., Local 26 in Lanham, Md., to announce an $8 billion federal loan program to help build the next generation of nuclear power plants. It was just one part of his administration's landmark Clean Power Plan, legislation that was drafted with extensive input from the IBEW. To ensure the plan maximized job creation for union members, a working group was organized among the Department of Energy, the IBEW and the Steelworkers — an alliance that has continued to this day.

The impact of IBEW influence grew to unprecedented levels with the election of President Joe Biden in 2020. Joining the campaign as labor liaison and then as a trusted adviser on the transition committee was International President Lonnie R. Stephenson (2016-2022).

Gone are the anti-union appointees at the Labor Department and the NLRB and the executive orders that stripped federal workers of their collective bargaining rights. IBEW influence has been seen at every major achievement from saving multi-employer pensions to passing the American Recovery Act, the Inflation Reduction Act, the Bipartisan Infrastructure Law, and the CHIPS and Science Act. This amount of pro-labor legislation that benefits members and their families can only be reached when our elected leaders are not just receptive to labor's causes but champion them. We have seen throughout our history that when labor has an ally in the halls of power, the IBEW gets a seat at the table, and we get things done. ▮

Visit **nbew-ibewmuseum.org** for more on how to support the IBEW's preservation of its history. Have an idea for this feature? Send it to **Curtis_Bateman@ibew.org**.

Independent Auditor's Report

International Executive Council
International Brotherhood of Electrical Workers

Opinion

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, 2023 and 2022, 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.

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, 2023 and 2022, 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the International Union's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 International Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the International Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Calibre CPA Group, PLLC

Bethesda, MD
December 15, 2023

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Financial Position

JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 9,852,722	$ 9,465,063
Receivables		
Loans and advances to chartered bodies	374,000	400,500
Per capita tax receivable	12,945,281	10,393,692
Due from Trust for the IBEW Pension Benefit Fund (PBF)	–	125,799
Unbilled rent	5,446,100	6,501,869
Accrued interest and dividends	820,699	571,568
Security sales pending settlement	61,228	584,804
Other	1,071,720	578,267
Total receivables	20,719,028	19,156,499
Investments – at fair value	533,667,678	515,185,087
Property and equipment – at cost		
Land, building and improvements	138,765,144	139,556,712
Furniture and equipment	53,764,784	57,717,247
	192,529,928	197,273,959
Accumulated depreciation	(95,690,798)	(94,186,431)
Net property and equipment	96,839,130	103,087,528
Other assets		
Cash held for reciprocity agreements pending settlement	15,952,924	9,142,453
Deferred leasing, organization and financing costs (net of amortization)	1,991,265	2,148,137
Prepaid expenses	1,357,910	1,378,623
Inventory of merchandise and office supplies, at cost	2,177,270	1,867,853
Excess of pension plan assets over projected benefit obligation	55,136,675	4,090,687
Right-of-use asset - finance leases	516,385	–
Other	1,258,662	2,177,944
Total other assets	78,391,091	20,805,697
Total assets	$ 739,469,649	$ 667,699,874
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 7,900,875	$ 12,817,173
Due to Trust for the IBEW Pension Benefit Fund	173,081	–
Liability for postretirement benefits	89,448,000	90,516,000
Security purchases pending settlement	7,009,909	7,219,890
Deferred per capita tax revenue	13,692,396	11,144,644
Reciprocity agreement funds pending settlement	15,950,416	9,140,769
Lease liabilities - finance leases	515,689	–
Other	1,715,570	4,224,689
Total liabilities	136,405,936	135,063,165
Net assets without donor restrictions		
Appropriated for additional postretirement benefits	267,747,000	252,518,000
Unappropriated	335,316,713	280,118,709
Total net assets	603,063,713	532,636,709
Total liabilities and net assets	$ 739,469,649	$667,699,874

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Activities and Changes in Net Assets

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Operating revenue		
Per capita tax	$ 164,127,782	$ 154,849,713
Initiation and reinstatement fees	1,730,574	1,950,302
Rental income, net	10,492,375	11,036,351
Sales of supplies	1,333,760	1,419,987
Other income	6,258,461	3,574,196
Total operating revenue	183,942,952	172,830,549
Operating expenses		
Program services expenses		
Field services and programs	126,801,617	118,737,551
Media relations	10,791,238	9,752,830
Industry trade programs	15,859,616	13,604,854
Per capita tax expense	7,724,423	7,471,660
Legal defense	2,716,329	2,882,912
Total program services	163,893,223	152,449,807
Supporting services expenses		
Governance and oversight	8,223,272	7,539,017
General administration	9,143,537	10,241,607
Total supporting services	17,366,809	17,780,624
Total operating expenses	181,260,032	170,230,431
Change in net assets from operations before investment and other income	2,682,920	2,600,118
Investment income (loss)		
Interest and dividends	7,675,907	6,141,555
Net appreciation (depreciation) in fair value of investments	17,051,833	(26,593,756)
Investment expenses	(445,973)	(770,295)
Net investment income (loss)	24,281,767	(21,222,496)
Other income (expense)		
Convention expense	(232,052)	(21,150,000)
Convention revenue	–	2,440,150
Gain (loss) on sale of property and equipment	155,454	77,698
Currency translation adjustment	(1,341,007)	(272,010)
Total other income (expense)	(1,417,605)	(18,904,162)
Change in net assets from operations after investment and other income	$ 25,547,082	$ (37,526,540)
Other components of defined benefit pension and postretirement net periodic benefit cost		
Pension benefits	13,582,827	22,156,874
Postretirement health care benefits	(2,608,000)	(1,754,000)
Defined benefit pension and postretirement benefit changes other than net periodic benefit cost		
Pension benefits	29,942,210	(24,000,503)
Postretirement health care benefits	3,962,885	(1,283,738)
Appropriation of net assets to fund postretirement benefits not yet accrued	(15,229,000)	(75,667,000)
Change in net assets without donor restrictions, unappropriated	55,198,004	(118,074,907)
Net assets without donor restrictions, unappropriated		
Beginning of year	280,118,709	398,193,616
End of year	$ 335,316,713	$ 280,118,709
Net assets without donor restrictions, appropriated		
Beginning of year	$ 252,518,000	$ 176,851,000
Appropriation of net assets to fund postretirement benefits not yet accrued	15,229,000	75,667,000
End of year	$ 267,747,000	$ 252,518,000

REPORT OF INDEPENDENT AUDITORS *continued on page 14*

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Functional Expenses

YEARS ENDED JUNE 30, 2023 AND 2022

2023

	Program Services					Supporting Services		
	Field Services and Programs	Media Relations	Industry Trade	Per Capita Tax	Legal Defense	Governance and Oversight	General Administration	Total
Salaries	$ 52,276,994	$ 2,197,671	$ 6,300,403	$ –	$ –	$ 3,528,173	$ 5,204,032	$ 69,507,273
Payroll taxes and employee benefits	41,515,659	1,766,430	5,001,206	–	–	2,845,439	4,156,352	55,285,086
Per capita taxes	–	–	–	7,724,423	–	–	–	7,724,423
Professional fees	1,403,649	102,901	535,812	–	2,716,329	54,569	509,885	5,323,145
Travel and related expenses	6,859,408	48,797	300,010	–	–	320,696	46,681	7,575,592
Electrical Worker printing and mailing expenses	–	5,835,750	–	–	–	–	–	5,835,750
Other expenses	16,189,136	599,133	3,200,368	–	–	943,005	959,007	21,890,649
Administrative reimbursement from PBF	–	–	–	–	–	–	(2,700,000)	(2,700,000)
Building operations	8,898,228	254,911	562,969	–	–	554,435	1,001,571	11,272,114
Total operating expense	127,143,074	10,805,593	15,900,768	7,724,423	2,716,329	8,246,317	9,177,528	181,714,032
Less: software development costs capitalized	(341,457)	(14,355)	(41,152)	–	–	(23,045)	(33,991)	(454,000)
Net operating expense	126,801,617	10,791,238	15,859,616	7,724,423	2,716,329	8,223,272	9,143,537	181,260,032
Other components of defined benefit pension and postretirement net periodic benefit cost	(8,254,258)	(347,001)	(994,800)	–	–	(557,080)	(821,688)	(10,974,827)
Total	$ 118,547,359	$ 10,444,237	$ 14,864,816	$ 7,724,423	$ 2,716,329	$ 7,666,192	$ 8,321,849	$ 170,285,205

2022

	Program Services					Supporting Services		
	Field Services and Programs	Media Relations	Industry Trade	Per Capita Tax	Legal Defense	Governance and Oversight	General Administration	Total
Salaries	$ 49,434,532	$ 2,231,034	$ 5,277,766	$ –	$ –	$ 3,184,057	$ 5,939,070	$ 66,066,459
Payroll taxes and employee benefits	44,350,202	2,066,096	4,649,461	–		2,944,148	5,265,173	59,275,080
Per capita taxes	–	–	–	7,471,660	–	–	–	7,471,660
Professional fees	929,012	55,825	468,799	–	2,882,912	51,821	427,208	4,815,577
Travel and related expenses	4,245,210	31,452	205,047	–	–	295,044	24,597	4,801,350
Electrical Worker printing and mailing expenses	–	4,824,118	–	–	–	–	–	4,824,118
Other expenses	12,322,710	300,257	2,482,475	–	–	552,461	793,062	16,450,965
Administrative reimbursement from PBF	–	–	–	–	–	–	(2,900,000)	(2,900,000)
Building operations	8,727,918	301,456	657,112	–	–	593,417	845,319	11,125,222
Total operating expense	120,009,584	9,810,238	13,740,660	7,471,660	2,882,912	7,620,948	10,394,429	171,930,431
Less: software development costs capitalized	(1,272,033)	(57,408)	(135,806)	–	–	(81,931)	(152,822)	(1,700,000)
Net operating expense	118,737,551	9,752,830	13,604,854	7,471,660	2,882,912	7,539,017	10,241,607	170,230,431
Other components of defined benefit pension and postretirement net periodic benefit cost	(15,266,544)	(688,996)	(1,629,898)	–	–	(983,312)	(1,834,124)	(20,402,874)
Total	$ 103,471,007	$ 9,063,834	$ 11,974,956	$ 7,471,660	$ 2,882,912	$ 6,555,705	$ 8,407,483	$ 149,827,557

International Brotherhood of Electrical Workers and Subsidiaries

Consolidated Statements of Cash Flows

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Cash flows from		
Affiliated chartered bodies	$ 167,188,279	$ 157,220,969
Interest and dividends	7,426,776	6,161,996
Rental income	11,456,812	10,895,506
Participant contributions collected on behalf of PBF	102,579,896	92,998,169
Reimbursement of administrative expenses from PBF	2,700,000	2,900,000
Other	5,765,008	6,019,888
Cash provided by operations	297,116,771	276,196,528
Cash paid for		
Salaries, payroll taxes, and employee benefits	(121,123,359)	(120,189,539)
Service providers, vendors and others	(58,811,918)	(55,090,695)
Participant contributions remitted to PBF	(102,281,016)	(92,966,693)
Per capita tax	(7,724,423)	(7,471,660)
Interest	(64,597)	(70,981)
Cash used for operations	(290,005,313)	(275,789,568)
Net cash provided by operating activities	7,111,458	406,960

	2023	2022
Cash flows from investing activities		
Repayments on loans and advances made to chartered bodies	26,500	5,500
Purchases of property and equipment	(1,899,001)	(4,299,078)
Purchases of investments	(165,050,399)	(162,698,444)
Proceeds from sales of property and equipment	300,224	101,835
Proceeds from sales of investments	179,713,872	163,279,637
Net short-term cash investment transactions	(15,780,636)	1,969,399
Net cash provided by (used for) investing activities	(2,689,440)	(1,641,151)
Cash flows from financing activities		
Principal repayments under capital lease obligations	(2,693,352)	(1,352,608)
Net cash used for financing activities	(2,693,352)	(1,352,608)
Effect of exchange rate changes on cash and cash equivalents	(1,341,007)	(272,010)
Net change in cash and cash equivalents	387,659	(2,858,809)
Cash and cash equivalents		
Beginning of year	9,465,063	12,323,872
End of year	$ 9,852,722	$ 9,465,063
Supplemental disclosure		
Property and equipment acquired under capital lease obligations	$ 1,442,000	$ 1,854,700

International Brotherhood of Electrical Workers and Subsidiaries

Notes to Consolidated Financial Statements

YEARS ENDED JUNE 30, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022 were settled in July 2023 and 2022, 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, 2023 and 2022.

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.

Leases — In its consolidated statements of financial position, the International Union records a right-of-use asset and lease liability, initially measured at the present value of total lease payments using a risk-free rate that approximates the remaining term of the lease. The International Union considers the likelihood of exercising renewal or termination clauses (if any) in measuring its right-of-use assets and lease liabilities. A single lease cost calculated so that the cost of the lease is allocated over the lease term on straight-line basis. Short- term leases (those with an initial term of twelve months or less and no purchase option) are expensed over their terms, with no corresponding right-of-use asset or lease liability recorded. The International Union does not separate non-lease components (if any) from lease components in determining the lease payments for leases of office equipment.

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.

New Accounting Pronouncement Adopted — During the year ended June 30, 2023, the International Union adopted the provisions of Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statement of financial position/net assets available for benefits and disclosing key information about leasing arrangements. ASU 2016-02 requires lessees to report a right-of-use asset along with a lease liability.

Additionally, in July 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-11, Leases (Topic 842) — Targeted Improvements, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The International Union adopted ASU 2016-02 and its related amendments as of July 1, 2022, which resulted in the recognition of operating and finance right-of-use assets totaling $11,098,076 and $1,766,039, respectively, as well as operating and finance lease liabilities totaling $12,315,326 and $1,766,968, respectively. The International Union elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts or disclosures. The additional lease disclosures can be found in Notes 12 and 13. There was no cumulative effect adjustment to the opening balance of net assets required.

The International Union elected to apply all practical expedients available under the ASU, allowing it to 1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; 2) not reassess the lease classification for any expired or existing leases; 3) not reassess initial direct costs for any existing leases; and 4) risk-free interest rate. The International Union also elected to apply the practical expedient to use hindsight in determining the lease term which in the year of implementation the International Union has determined to be the remaining lease term.

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, 2023 and 2022). 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, 2020 through 2022 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 $267,747,000 as of June 30, 2023 and $252,518,000 as of June 30, 2022 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.

REPORT OF INDEPENDENT AUDITORS ***continued on page 16***

The following table represents the International Union's financial assets available to meet cash needs for general expenditures within one year of June 30, 2023 and 2022.

	2023	2022
Total assets	$ 739,469,649	$ 667,699,874
Less nonfinancial assets		
Net property and equipment	(96,839,130)	(103,087,528)
Net deferred leasing, organization, and financing costs	(1,991,265)	(2,148,137)
Prepaid expenses	(1,357,910)	(1,378,623)
Inventory	(2,177,270)	(1,867,853)
Excess of pension plan assets over PBO	(55,136,675)	(4,090,687)
Right-of-use assets	(516,385)	–
Other nonfinancial assets	(1,258,662)	(2,177,944)
Total financial assets	580,192,352	552,949,102
Less amounts unavailable within one year		
Appropriated for additional postretirement benefits	(267,747,000)	(252,518,000)
Reciprocity Agreement funds pending settlement	(15,950,416)	(9,140,769)
Loans and advances to chartered bodies not expected to be collected within one year	(360,500)	(379,500)
Unbilled rent receivable due in more than one year	(4,883,689)	(6,366,947)
Total financial assets available for general expenditures within one year	$ 291,250,747	$ 284,543,886

Note 4. Investments

The cost and fair value of investments held as of June 30, 2023 were as follows:

	Cost	Fair Value
Short-term cash investments	$ 41,372,662	$ 41,372,662
Government and government agency obligations	37,468,254	34,274,719
Corporate bonds and notes	62,181,024	58,361,378
Preferred stock	190,800	182,580
Common stock	97,567,476	168,676,572
Mutual funds	44,846,708	50,660,922
103-12 entities	28,943,651	46,949,003
Other alternative investments	1,500,000	–
INDURE REIT LLC	46,627,454	105,985,748
AFL-CIO Housing Investment Trust	32,318,176	27,204,094
	$ 393,016,205	$ 533,667,678

The cost and fair value of investments held as of June 30, 2022 were as follows:

	Cost	Fair Value
Short-term cash investments	$ 25,423,398	$ 25,423,398
Government and government agency obligations	37,489,639	33,580,474
Corporate bonds and notes	72,893,800	68,262,689
Preferred stock	190,800	188,848
Common stock	95,692,932	151,218,720
Mutual funds	49,080,474	49,505,339
103-12 entities	29,037,897	45,399,238
Other alternative investments	1,500,000	–
INDURE REIT LLC	46,627,454	113,781,842
AFL-CIO Housing Investment Trust	31,490,943	27,824,539
	$ 389,427,337	$ 515,185,087

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, 2023 and 2022:

June 30, 2023

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	$ 41,372,662	$ –	$ 41,372,662	$ –
Government and government agency obligations	34,274,719	6,553,786	27,720,933	–
Corporate bonds and notes	58,361,378	–	58,361,378	–
Preferred stock	182,580	–	182,580	–
Common stock	168,676,572	142,048,321	–	26,628,251
Mutual funds	50,660,922	50,660,922	–	–
Total	353,528,833	$ 199,263,029	$ 127,637,553	$ 26,628,251
Investments measured at NAV*	180,138,845			
Investments at fair value	$ 533,667,678			

June 30, 2022

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	$ 25,423,398	$ –	$ 25,423,398	$ –
Government and government agency obligations	33,580,474	6,208,396	27,372,078	–
Corporate bonds and notes	68,262,689	–	68,262,689	–
Preferred stock	188,848	–	188,848	–
Common stock	151,218,720	124,590,469	–	26,628,251
Mutual funds	49,505,339	49,505,339	–	–
Total	328,179,468	$ 180,304,204	$ 121,247,013	$ 26,628,251
Investments measured at NAV*	187,005,619			
Investments at fair value	$ 515,185,087			

*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.

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, 2023 and 2022.

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 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. There were no changes in valuation techniques used during the years ended June 30, 2023 and 2022.

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, 2023 and 2022 by investment strategy. There were no unfunded commitments at either June 30, 2023 or June 30, 2022.

Description	Fair Value (in millions) 2023	2022	Redemption frequency	Redemption notice period
a.103-12 investment entities	$ 46.9	$ 45.4	Daily, Monthly	One day, 30 days
b. AFL-CIO HIT	27.2	27.8	Monthly	15 days
c. INDURE REIT LLC	106.0	113.8	Maximum20% 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 $34.6 million at June 30, 2023 and $35.0 million at June 30, 2022, and another in the ULLICO Diversified International Equity Fund for $12.3 million at June 30, 2023 and $10.4 million at June 30, 2022. 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 an outside 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, 2023 and 2022 is summarized as follows:

	2023	2022
Reported as part of compensation expense		
Service cost	$ 20,048,867	$ 25,241,068
Reported as other changes in net assets		
Interest cost	26,291,760	22,981,217
Expected return on plan assets	(43,387,624)	(46,349,877)
Net amortization of loss	3,513,037	1,211,786
	(13,582,827)	(22,156,874)
Net periodic pension cost	$ 6,466,040	$ 3,084,194

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, 2023 and 2022 are as follows:

	2023	2022
Net actuarial loss	$ (29,948,121)	$ 24,000,503

Amounts that have not yet been recognized as components of net periodic pension cost as of June 30, 2023 consist of the following:

Net actuarial loss	$ 68,015,642

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

	2023	2022
Discount rate	4.50%	3.50%
Average rate of compensation increase	4.00%	4.00%
Expected long-term rate of return on plan assets	7.00%	7.00%

The plans' obligations and funded status as of June 30, 2023 and 2022 are summarized as follows:

	2023	2022
Fair value of plan assets	$ 658,564,915	$ 622,756,784
Projected benefit obligation	603,428,240	618,666,097
Excess of plan assets over projected benefit obligation	$ 55,136,675	$ 4,090,687

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

	2023	2022
Discount rate	4.90%	4.50%
Average rate of compensation increase	4.00%	4.00%

Employer contributions, employee contributions and benefit payments for the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Employer contributions	$ 27,543,999	$ 25,517,556
Employee contributions	2,142,440	1,941,812
Benefit payments	32,966,690	31,389,955

Total expected employer contributions for the year ending June 30, 2024 are $28.8 million. Total expected benefit payments for the next 10 fiscal years are as follows:

Year ending June 30, 2024	$ 34,141,921
2025	34,708,384
2026	35,542,065
2027	36,333,766
2028	37,408,197
Years 2029 - 2033	199,851,942

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, 2023 and 2022, by asset category, are as follows:

	2023	2022
Asset category		
Cash and cash equivalents	5%	5%
Equity securities	59%	54%
Debt securities	19%	21%
Real estate and other	17%	20%
	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, 2023:

June 30, 2023

Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Unitized Pool Investments				
Common stock	$ 108,854,491	$ 108,854,491	$ –	$ –
Preferred stock	182,580	–	182,580	–
Corporate bonds	27,166,600	–	27,166,600	–
U.S. Government and government agency obligations	18,680,615	9,518,082	9,162,533	–
Municipal bonds	8,895,585	–	8,895,585	–
Registered investment companies	90,138,856	90,138,856	–	–
Common/collective trusts	9,425,078	–	–	9,425,078
	263,343,805	$ 208,511,429	$ 45,407,298	$ 9,425,078
Investments measured at net asset value*	355,007,794			
Total	618,351,599			
Non-Pool Investments				
Cash and cash equivalents	723,345	$ 723,345	$ –	$ –
Common/collective trusts	23,926,475	–	–	23,926,475
Canadian Government obligations	7,331,342	2,404,437	4,926,905	–
Corporate obligations	6,127,930	–	6,127,930	–
Common stocks	31,597,623	31,597,623	–	–
	69,706,715	$ 34,725,405	$ 11,054,835	$ 23,926,475

REPORT OF INDEPENDENT AUDITORS *continued on page 18*

	June 30, 2023			
Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at net asset value*	2,194,988			
Total	71,901,703			
Other Assets and Liabilities				
Cash	4,723			
Contributions receivable	433,699			
Accrued investment income receivable	1,018,370			
Accounts payable and accrued expenses	(280,853)			
Net transactions pending settlement	(7,398,763)			
Total	(6,222,824)			
Net assets, total	684,030,478			
Less: share to other employers	(25,465,563)			
Fair value of plan assets	$ 658,564,915			

The following table sets forth, by level within the fair value hierarchy, the pension plans' investment assets at fair value as of June 30, 2022:

	June 30, 2022			
Description	Total Investments	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Unitized Pool Investments				
Common stock	$ 100,596,689	$ 100,596,689	$ –	$ –
Preferred stock	188,848	–	188,848	–
Corporate bonds	29,056,770	–	29,056,770	–
U.S. Government and government agency obligations	19,061,449	8,354,413	10,707,036	–
Municipal bonds	6,942,980	–	6,942,980	–
Registered investment companies	78,403,184	78,403,184	–	–
Common/collective trusts	10,757,561	–	–	10,757,561
	245,007,481	$ 187,354,286	$ 46,895,634	$ 10,757,561
Investments measured at net asset value*	345,270,118			
Total	590,277,599			
Non-Pool Investments				
Cash and cash equivalents	$ 1,609,325	$ 1,609,325	$ –	$ –
Common/collective trusts	19,756,018	–	–	19,756,018
Canadian Government obligations	7,276,290	1,098,430	6,177,860	–
Corporate obligations	5,758,597	–	5,758,597	–
Common stocks	26,893,561	26,893,561	–	–
	61,293,791	$ 29,601,316	$ 11,936,457	$ 19,756,018
Investments measured at net asset value*	2,041,717			
Total	63,335,508			
Other Assets and Liabilities				
Cash	501,562			
Contributions receivable	150,500			
Accrued investment income receivable	653,469			
Accounts payable and accrued expenses	(285,030)			
Net transactions pending settlement	(9,278,436)			
Total	(8,257,935)			
Net assets, total	645,355,172			
Less: share to other employers	(22,598,388)			
Fair value of plan assets	$ 622,756,784			

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

Investments valued based on Level 3 inputs consist of amounts held in a common/collective trust which is not publicly traded and for which the fair value is based on $1 per unit of investment held. There were no changes in valuation techniques used during the years ended June 30, 2023 and 2022.

The following is a summary of the changes in Level 3 investments for the years ended June 30, 2023 and 2022:

	Common/Collective Trusts	
Changes in Level 3 Category	2023	2022
Beginning balance– 7/1/	$ 30,513,579	$ 34,203,966
Net gains(realized/unrealized)	–	–
Purchases	76,029,776	55,460,111
Sales	(73,191,802)	(59,150,498)
Ending balance– 6/30/	$ 33,351,553	$ 30,513,579

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 $800,116 and $1,494,647 as of June 30, 2023 and 2022, respectively. The International Union also contributes to a multiemployer defined benefit pension plan on behalf of its employees. Contributions to this plan were $1,313,961 and $1,235,385 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
Reported as part of compensation expense		
Service cost	$ 3,215,000	$ 3,452,000
Reported as other changes in net assets		
Interest cost	3,924,000	3,111,000
Amortization of prior service cost	(1,316,000)	(1,357,000)
	2,608,000	1,754,000
Total postretirement benefit cost	$ 5,823,000	$ 5,206,000

The accumulated postretirement benefit obligation and funded status at June 30, 2023 and 2022 are as follows:

	2023	2022
Postretirement benefit obligation	$ 89,448,000	$ 90,516,000
Fair value of plan assets	–	–
Excess of postretirement benefit obligation over plan assets	$ 89,448,000	$ 90,516,000

The above postretirement benefit cost does not represent the actual amounts paid (net of estimated Medicare Part D subsidies) of $3,355,000 and $2,968,000 for the years ended June 30, 2023 and 2022, respectively. Amounts of as June 30, 2023 that have been recognized in net assets but not yet amortized into net periodic postretirement benefit cost are:

Net loss	$ 2,112,000

During the years ended June 30, 2023 and 2022, the International Union paid the NECA/IBEW Family Medical Care Plan approximately $16,500,000 and $16,000,000, respectively, 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:

	2023	2022
Discount rate	4.50%	3.50%

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

	2023	2022
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, 2023, were assumed to increase by 8.0% for medical, 5.5% for green shield, 5.0% for dental/vision, 5.0% for Medicare Part B premiums, and 3.94% for legal costs. Thereafter, rates for increases in medical were assumed to gradually decrease until they reach 3.94% 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, 2023 by $11,427,000 and $1,228,000, 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, 2023 by $9,085,000 and $937,000, respectively.

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

Year ending June30,	2023	$ 3,528,000
	2024	3,724,000
	2025	3,923,000
	2026	4,134,000
	2027	4,330,000
	Years 2028–2032	24,205,000

The International Union appropriated investments of $267,747,000 at June 30, 2023 and $252,518,000 at June 30, 2022 to pay for future postretirement 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, 2023 and 2022 are as follows.

	2023	2022	2021
Receivables			
Per capita tax	$ 12,945,281	$ 10,393,692	$ 9,971,939
Merchandise sales	776,503	212,791	226,381
	$ 13,721,784	$ 10,606,483	$ 10,198,320
Deferred revenue			
Per capita tax	$ 13,692,396	$ 11,144,644	$ 11,721,924
Convention income	6,000	–	2,023,486
	$ 13,698,396	$ 11,144,644	$ 13,745,410

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, 2023 and 2022, the International Union recognized as revenue $621,020 and $549,416, 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. 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 $2,700,000 and $2,900,000, for the years ended June 30, 2023 and 2022, 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 June30,	2024	$ 8,810,246
	2025	7,987,888
	2026	7,055,719
	2027	7,100,087
	2028	7,205,711
	Thereafter	11,566,862

Note 13. Finance 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, 2023 are due as follows:

Year ending June 30, 2024	$ 533,738
Less: discount to present value (with a rate of 3.5%)	(18,049)
Total lease liability	$ 515,689

Total finance lease costs for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Amortization of right-of-use assets	$ 2,691,727	$ 1,238,084
Interest expense	64,597	70,981
	$ 2,756,324	$ 1,309,065

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.

Note 15. Subsequent Events Review

Subsequent events have been evaluated through December 15, 2023, 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

International Brotherhood of Electrical Workers

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.

HOW TO REACH US

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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