

**LOCAL UNION 375 OF THE INTERNATIONAL
BROTHERHOOD OF ELECTRICAL WORKERS
AND SUBSIDIARY**

FINANCIAL REPORT

December 31, 2017

**BUCKNO
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A Professional Corporation

Certified Public Accountants | Business Consultants

**LOCAL UNION 375 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL
WORKERS AND SUBSIDIARY**

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December 31, 2017 and 2016

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Certified Public Accountants | Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Local Union 375 of the International Brotherhood
of Electrical Workers and Subsidiary

We have audited the accompanying consolidated financial statements of Local Union 375 of the International Brotherhood of Electrical Workers and Subsidiary (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2017 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of consolidated activities, functional expenses and cash flows or the consistency of application of accounting principles with the preceding year.

We conducted our audit of the consolidated statement of financial position in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statement of financial position is 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 on the consolidated statement of financial position.

Basis for Disclaimer of Opinion on the Consolidated Results of Activities, Functional Expenses, Cash Flows, and Consistency

Because we were not engaged as auditors until after December 31, 2016, we were not able to obtain sufficient appropriate audit evidence by other auditing procedures for financial position accounts. The amount of these at December 31, 2016, and other significant aspects of the consolidated statement of financial position at that date, including classifications and amounts, materially affect the determination of the consolidated results of activities, functional expenses and cash flows for the year ended December 31, 2017, and the consistency of application of accounting principles between 2017 and 2016.

Disclaimer of Opinion on Consolidated Results of Activities, Functional Expenses, Cash Flows, and Consistency

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated results of activities, functional expenses and cash flows for the year ended December 31, 2017, or on the consistency of application of accounting principles with the preceding year. Accordingly, we do not express an opinion on the consolidated results of activities, functional expenses and cash flows for the year ended December 31, 2017, or on the consistency of application of accounting principles with the preceding year.

Opinion on the Consolidated Statement of Financial position

In our opinion, the consolidated statement of financial position referred to in the first paragraph presents fairly, in all material respects, the financial position of Local Union 375 of the International Brotherhood of Electrical Workers and Subsidiary as of December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

Prior Period Consolidated Financial Statements

The 2016 consolidated financial statements were reviewed by other accountants, and their report thereon, dated May 22, 2017, stated they were not aware of any material modifications that should be made to those consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the consolidated financial statements.

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Allentown, Pennsylvania
November 5, 2018

**LOCAL UNION 375 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL
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**Consolidated Statements of Financial Position
December 31, 2017 and 2016**

ASSETS	(Audited) 2017	(Reviewed) 2016
Cash and cash equivalents	1,486,324	1,946,613
Cash, restricted	20,550	29,362
Accounts receivable	138,740	147,263
Accounts receivable, related party	15,973	7,875
Inventory	-	12,326
Investments	611,733	285,364
Other current assets	-	5,499
Property and equipment, net of accumulated depreciation	249,392	453,919
Construction in process	2,609,172	-
Investment (at cost)	470	470
TOTAL ASSETS	<u>\$ 5,132,354</u>	<u>\$ 2,888,691</u>
 LIABILITIES AND NET ASSETS		
Accounts payable and other liabilities	\$ 43,609	\$ 46,605
Accounts payable, related party	38,950	50,491
Custodial fund obligation	20,550	29,362
Mortgage payable	1,468,047	-
TOTAL LIABILITIES	<u>1,571,156</u>	<u>126,458</u>
 NET ASSETS		
Unrestricted net assets:		
Operations	3,561,198	2,762,233
TOTAL NET ASSETS	<u>3,561,198</u>	<u>2,762,233</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,132,354</u>	 <u>\$ 2,888,691</u>

See Notes to Financial Statements.

**LOCAL UNION 375 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL
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**Consolidated Statements of Activities
Years Ended December 31, 2017 and 2016**

	<u>(Audited)</u> <u>2017</u>	<u>(Reviewed)</u> <u>2016</u>
OPERATING REVENUES		
Dues	\$ 2,225,855	\$ 1,946,638
Member activities	16,112	18,472
Rental income	41,096	39,045
Sale of supplies	2,823	2,150
Training director wage reimbursement	-	62,661
Other income	10,509	21,156
TOTAL REVENUE	<u>2,296,395</u>	<u>2,090,122</u>
EXPENSES		
Program services	1,138,926	1,266,140
Management and general	508,379	485,331
Fundraising	-	-
TOTAL EXPENSES	<u>1,647,305</u>	<u>1,751,471</u>
NONOPERATING		
Interest and dividends	9,114	7,508
Realized gain (loss) on investments	23,458	(4,020)
Unrealized gain on investments	44,936	51,225
Gain on sale of property	85,518	-
Loss on disposal of fixed assets	(13,151)	-
TOTAL NONOPERATING	<u>149,875</u>	<u>54,713</u>
CHANGE IN UNRESTRICTED NET ASSETS	798,965	393,364
UNRESTRICTED NET ASSETS, Beginning of year	<u>2,762,233</u>	<u>2,368,869</u>
UNRESTRICTED NET ASSETS, End of year	<u>\$ 3,561,198</u>	<u>\$ 2,762,233</u>

See Notes to Financial Statements.

**LOCAL UNION 375 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL
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Consolidated Statements of Functional Expenses

Year Ended December 31, 2017 (Audited)

With Summarized Totals for 2016 (Reviewed)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2016 Total</u>
Salaries and wages	\$ 323,918	\$ 225,095	\$ -	\$ 549,013	\$ 600,419
Payroll taxes and fees	29,864	20,753	-	50,617	59,088
Employee benefits	143,788	99,921	-	243,709	283,850
Auto expenses	8,258	-	-	8,258	9,982
Computer service and supplies	9,631	14,446	-	24,077	15,954
Contributions-Fair Contracting	12,000	-	-	12,000	12,000
Contributions- General	6,445	-	-	6,445	25,283
Conventions and meetings	24,886	-	-	24,886	42,656
Depreciation	10,826	16,239	-	27,065	32,084
Dues and subscriptions	1,829	2,744	-	4,573	19,996
Education and promotions	79,201	-	-	79,201	52,631
General supplies and expense	239	358	-	597	4,646
Gifts and awards	9,076	-	-	9,076	2,887
Insurance	15,353	23,030	-	38,383	20,927
Office supplies and expenses	13,094	19,642	-	32,736	31,245
Other operating expenses	3,216	4,824	-	8,040	6,103
Per capita taxes	349,748	-	-	349,748	330,211
Picnic, clambake and banquets	55,570	-	-	55,570	62,925
Professional fees and services	-	18,349	-	18,349	25,712
Rent	14,316	21,475	-	35,791	32,883
Repairs and maintenance	11,304	16,955	-	28,259	20,331
Taxes - other	6,301	9,452	-	15,753	16,444
Telephone	6,386	9,580	-	15,966	24,995
Utilities	3,677	5,516	-	9,193	18,219
TOTAL EXPENSES	\$ 1,138,926	\$ 508,379	\$ -	\$ 1,647,305	\$ 1,751,471

See Notes to Financial Statements.

**LOCAL UNION 375 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL
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**Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016**

	<u>(Audited)</u> <u>2017</u>	<u>(Reviewed)</u> <u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 798,965	\$ 393,364
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,065	32,084
Realized gain (loss) on investments	(23,458)	4,020
Unrealized gain on investments	(44,936)	(51,225)
Gain on sale/disposal of fixed assets	(72,367)	-
(Increase) decrease in assets:		
Accounts receivable	8,523	(40,944)
Intercompany receivable	(8,098)	4,423
Inventory	12,326	3,910
Other current assets	5,499	-
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	(2,996)	(7,790)
Intercompany payable	(11,541)	-
Custodial fund obligation-vacation	(8,812)	11,869
NET CASH PROVIDED BY OPERATIONS	<u>680,170</u>	<u>349,711</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(257,975)	(6,493)
Proceeds from sale of property	146,767	-
Purchase of property and equipment	(1,038,063)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,149,271)</u>	<u>(6,493)</u>
NET INCREASE (DECREASE) IN CASH	(469,101)	343,218
CASH AND CASH EQUIVALENTS		
Beginning	1,975,975	1,632,757
Ending	<u>\$ 1,506,874</u>	<u>\$ 1,975,975</u>

See Notes to Financial Statements.

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Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>(Audited)</u> <u>2017</u>	<u>(Reviewed)</u> <u>2016</u>
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for		
Interest (capitalized)	\$ <u>17,019</u>	\$ <u>-</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Long-term debt incurred to purchase building	\$ <u>1,468,047</u>	\$ <u>-</u>
Proceeds from sale of building used to repay long-term debt	\$ <u>355,075</u>	\$ <u>-</u>

See Notes to Financial Statements.

**LOCAL UNION 375 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL
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**Notes to the Consolidated Financial Statements
December 31, 2017 and 2016**

NOTE 1. NATURE OF BUSINESS

Local Union 375 of the International Brotherhood of Electrical Workers is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania for the purpose of providing benefits to its members and collective bargaining. It's wholly owned subsidiary, Electricians Home Association, Inc. was also organized as a non-profit corporation for the purpose of conducting real estate activity and the preservation of the Union building and improvements. The net assets and the results of the operating activity of the Electricians Home Association, Inc. are included in these financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the consolidated accounts of Local Union 375 of the International Brotherhood of Electrical Workers and Electricians Home Association, Inc. Collectively these consolidated entities are referred to as the "Organization". All material intercompany accounts and transactions between Local Union 375 of the International Brotherhood of Electrical Workers and Electricians Home Association, Inc. have been eliminated in the consolidated financial statements.

Accounting Method

The Organization utilizes the accrual method of accounting for both financial statement and income tax reporting purposes.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in the Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding assets, liabilities and changes in net assets according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of December 31, 2017 and 2016, the Organization had no permanently or temporarily restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from these estimates.

Revenue Recognition

In accordance with accounting procedures generally followed by labor unions, members' dues and applications fees are taken into income in the period earned. The statement of financial position however, does not include uncollected dues. Dues in arrears are largely doubtful of collection and the union does not consider these as important omissions.

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Notes to the Consolidated Financial Statements December 31, 2017 and 2016

Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventory

Inventory is stated at the lower of cost or market determined by the first-in, first-out method.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are reported as increases (decreases) in unrestricted net assets. Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded in the ex-dividend date.

Investments with no readily determinable value are recorded at deemed cost.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful lives of the respective assets. Additions are capitalized while maintenance and repairs that do not improve or extend the original useful lives of the respective assets are expensed as incurred. Estimates useful lives are as follows:

	<u>Years</u>
Building and Improvements	40
Furniture, Fixtures, & equip.	5-10
Automobiles	5

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the fair value of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on quoted market values or external appraisals, as applicable. The Organization's management believes that no impairment of assets exist for the years ended December 31, 2017 and 2016.

Restricted Cash

The Organization maintains a vacation fund which consists of members accounts. A corresponding liability is recorded for the funds held.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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**Notes to the Consolidated Financial Statements
December 31, 2017 and 2016**

Functional Allocation of Expenses

The costs of providing the Organizations' various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain cost have been allocated among the programs and supporting services benefitted. Expenses that can be identified with a specific program, fundraising, or support service are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on estimates made for time spent by key personnel between functions, space occupied by function, and other objective bases.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under section 501(c)(5) of the Internal Revenue Code.

The Organization accounts for uncertainty in income tax positions under the Financial Accounting Standards Board guidance, which clarifies the recognition by prescribing the threshold a tax position is required to meet before being recognized in the financial statements. Under these provisions, the Company had no uncertain tax positions at December 31, 2017, and 2016. Additionally, the Company's federal and state income tax returns are no longer subject to examination by federal or state taxing authorities for years before 2014.

Date of Management's Review

The management has evaluated subsequent events through November 5, 2018, the date the financial statements were available to be issued.

NOTE 3. INVESTMENTS

Investments are comprised of the following:

	2017		2016	
	Cost	Market	Cost	Market
Cash management funds	\$ 154,253	\$ 154,253	\$ 24,881	\$ 24,881
Marketable securities	<u>375,255</u>	<u>457,480</u>	<u>225,230</u>	<u>260,483</u>
	<u>\$ 529,508</u>	<u>\$ 611,733</u>	<u>\$ 250,111</u>	<u>\$ 285,364</u>

A summary of earnings on investments for the year ended December 31, 2107 and 2016 are as follows:

	2017	2016
Interest and dividends	\$ 9,114	\$ 7,508
Realized gain (loss) on investments	23,458	(4,020)
Unrealized gain on investments	<u>44,936</u>	<u>51,225</u>
	<u>\$ 77,508</u>	<u>\$ 54,713</u>

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**Notes to the Consolidated Financial Statements
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NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lower priority to unobservable inputs (Level 3 measurements). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under FASB ASC 820 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 Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- 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;
- 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Cash management funds – Measured at cost, which approximates market.

Marketable securities – Valued at the closing price reported on the active market on which the individual securities are traded.

The following table presents the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

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**Notes to the Consolidated Financial Statements
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	Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash management funds	\$ 154,253	\$ -	\$ -	\$ 154,253
Marketable securities	457,480	-	-	457,480
	<u>\$ 611,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611,733</u>

	Assets at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Cash management funds	\$ 24,881	\$ -	\$ -	\$ 24,881
Marketable securities	260,483	-	-	260,483
	<u>\$ 285,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,364</u>

NOTE 5. FIXED ASSETS

Fixed assets consists of the following:

	2017	2016
Land	\$ 215,000	\$ 64,000
Building and improvements	-	629,307
Furniture, fixtures and equipment	242,156	307,982
Automobiles	100,350	98,088
	<u>557,506</u>	<u>1,099,377</u>
Accumulated depreciation	<u>(308,114)</u>	<u>(645,458)</u>
	<u>\$ 249,392</u>	<u>\$ 453,919</u>

NOTE 6. MORTGAGE PAYABLE

The Organization entered into a construction loan with a bank during 2017. Draws amounted to \$1,468,047 as of December 31, 2017, which is secured by substantially all of the Organization's assets. Monthly payments consist of interest only through the construction phase. The loan was converted to a fixed rate mortgage in 2018. Beginning October 1, 2018, (conversion from a construction loan to a mortgage) the mortgage balance is \$2,278,361 which is payable in monthly payments of \$12,421, including interest at 4.25%. The interest rate will remain at 4.25% for the first 48 months and will be renegotiated for the next 59 months. There is a balloon payment due as of September 1, 2027 for the remaining balance. Future minimum payments on the full mortgage obligation are as follows:

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**Notes to the Consolidated Financial Statements
December 31, 2017 and 2016**

Year Ending December 31,	
2018	\$ 13,103
2019	53,822
2020	56,155
2021	58,588
2022	61,127
Thereafter	2,035,566
	<u>\$ 2,278,361</u>

NOTE 7. RETIREMENT PLAN

The Organization maintains a defined contribution plan for its covered employees. The Organization is a sponsoring employer under the terms of the collective bargaining agreement dated June 1, 2005 and expiring May 31, 2018. All contributions are directed under the trusteeship of IBEW Local 375 Electrician's Retirement Plan. In addition, the Organization contributes to the NEBF benefit retirement fund for its covered employees. Total retirement costs incurred for the years ended December 31, 2017 and 2016 were \$106,984 and \$131,614, respectively.

NOTE 8. AFFILIATED ORGANIZATION

The Local Union is represented by the International Brotherhood of Electrical Workers National Office. The National Office provides its Local Union organizations with assistance to fulfill the objectives of the Local Union. The per capita tax contributed to the National Office is based upon membership of the Local Union. The amount incurred for the years ended December 31, 2017 and 2016 was \$349,748 and \$330,211, respectively. The amount payable to the National Office as of December 31 2017 and 2016 was \$39,163 and \$40,563, respectively.

NOTE 9. LEASING COMMITMENTS

The Organization leases certain parking spaces adjacent to the union hall building under a long-term arrangement. The lease, which commences February, 2000, continues for a period of ten years and may be terminated by either party prior to expiration. The rent expense under this lease arrangement for the years ended December 31, 2017 and 2016 was \$20,819 and \$21,400 respectively. The lease was terminated in December, 2017 when the building was sold.

NOTE 10. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in several financial institutions which may exceed federally insured limits. The balances are insured by the Federal Deposit

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Insurance Corporation up to \$250,000. As of December 31, 2017 the Organization's uninsured cash balances totaled \$129,064.

The Organization invests in various types of marketable securities. The Organization has established guidelines relative to diversification that target certain safety and liquidity risks. These guidelines are periodically reviewed and modified. Investment securities, in general, are subject to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that the changes in the value of investment securities will occur in the near term.

Contractor contributions receivable are due primarily from contractors within the work jurisdiction of IBEW Local Union No.375. All contractors are required to sign an agreement with the Organization stating that they will remit contributions by a specific date. Delinquent contractors are subject to fines until payment is rendered. Organization's management has the right to pursue any and all legal proceedings, including prosecution, settlement, adjustment and arbitration, necessary for the collection of contributions. If contractors owing contributions failed to completely perform according to the terms of the collective bargaining agreement, the maximum accounting loss the Organization would incur is limited to the recorded amount of contributions receivable.

NOTE 11. MAJOR TRANSACTIONS

For the year ended December 31, 2017, the Organization had dues revenue from three major customers totaling approximately \$1,431,000 (64% of dues revenue). The Organization has approximately \$99,500 in accounts receivable from these customers as of December 31, 2017.

For the year ended December 31, 2016, the Organization had dues revenue from three major customers totaling approximately \$1,206,000 (62% of dues revenue). The Organization has approximately \$120,000 in accounts receivable from these customers as of December 31, 2016.

NOTE 12. RELATED PARTY TRANSACTIONS AND UNCONSOLIDATED ENTITIES

The Organization's management holds trustee positions with other affiliated organizations. These affiliations provide fringe benefits to the employees of the Organization by providing a retirement plan and healthcare benefits. The amount of costs incurred by the local union for such benefits amounted to \$243,709 and \$265,896 for the years ended December 31, 2017 and 2016 respectively. The amounts due to these affiliates as of December 31, 2017 and 2016 was \$38,950 and \$50,491, respectively.

An affiliate, IBEW J.A.T.C Trust Fund, which is an employer sponsored program whose primary mission is the training education for apprentice electricians and continuing education for journeymen electricians, reimbursed the Organization for various incurred costs, in the amount of \$12,000 and \$74,661 for the years ended December 31, 2017 and

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2016, respectively. The amount due from this affiliate as of December 31, 2017 and 2016 was \$15,973 and \$7,875 respectively.

In addition, this affiliate is obligated to the Electricians Home Association for a lease agreement dated July 15, 1998. The lease renewed annually. The amount of rent recognized as income for both of the years ended December 31, 2017 and 2016 was \$38,400. The lease was terminated in December, 2017 when the building was sold.