



International Union of  
Bricklayers and Allied Craftworkers  
and its Subsidiaries

Consolidated Financial Statements

December 31, 2019



**INTERNATIONAL UNION OF BRICKLAYERS AND ALLIED  
CRAFTWORKERS AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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## **REPORT OF INDEPENDENT AUDITORS**

To the Executive Board of the  
International Union of Bricklayers and  
Allied Craftworkers and its Subsidiaries

We have audited the accompanying consolidated statements of the International Union of Bricklayers and Allied Craftworkers and its Subsidiaries (the International Union), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the International Union'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 International Union's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the International Union as of December 31, 2019 and 2018 and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CalibreCPAGroup, PLLC*

Bethesda, MD  
April 20, 2020

**INTERNATIONAL UNION OF BRICKLAYERS AND ALLIED  
CRAFTWORKERS AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CASH AND TEMPORARY CASH INVESTMENTS	\$ 62,776,963	\$ 51,400,626
RECEIVABLES		
Dues and fees (net of allowance for doubtful accounts of \$39,176 at December 31, 2019 and 2018)	4,307,514	4,526,181
Related organizations	1,278,432	1,102,381
Notes receivable	21,000	63,000
Other	43,134	33,870
Total receivables	5,650,080	5,725,432
INVESTMENTS	49,852,111	42,062,345
OTHER ASSETS		
Inventories, at cost	236,428	247,806
Prepaid expenses	1,280,170	429,285
Deposits	71,167	64,341
Total other assets	1,587,765	741,432
PROPERTY AND EQUIPMENT, NET	48,127,558	49,587,628
Total assets	\$ 167,994,477	\$ 149,517,463
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,077,180	\$ 1,056,928
Due to related organizations	34,397	31,273
Accrued payroll	1,393,028	1,454,434
Death benefits payable	498,825	544,342
Deferred revenue	402,279	396,471
Other	28,444	27,138
Total	3,434,153	3,510,586
Mortgage loan payable	36,471,079	37,648,723
Less: unamortized refinance costs	(456,597)	(479,517)
Mortgage loan payable, net	36,014,482	37,169,206
Total liabilities	39,448,635	40,679,792
NET ASSETS WITHOUT DONOR RESTRICTIONS	128,545,842	108,837,671
Total liabilities and net assets	\$ 167,994,477	\$ 149,517,463

See accompanying notes to consolidated financial statements.

**INTERNATIONAL UNION OF BRICKLAYERS AND ALLIED  
CRAFTWORKERS AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUE		
Fixed dues	\$ 7,130,115	\$ 7,082,407
Working dues	34,380,749	32,323,524
Registration and reinstatement fees	347,754	350,781
Interest and dividends, net of expenses	1,273,405	1,017,790
Other revenue		
Gain (loss) on sale of assets	3,000	(3,192)
Unrealized gain (loss) on investments	6,631,675	(1,698,870)
Realized gain on investments	90,668	77,867
Royalty income	108,478	160,361
Currency translation adjustment	(63,247)	(286,259)
Rental and building related income	5,662,074	5,845,309
Disaster Relief Fund contributions	190,935	61,632
Total revenue	<u>55,755,606</u>	<u>44,931,350</u>
OPERATING EXPENSES		
Program services	22,115,974	20,536,957
Support services	<u>13,931,461</u>	<u>14,167,545</u>
Total operating expenses	<u>36,047,435</u>	<u>34,704,502</u>
CHANGE IN NET ASSETS	19,708,171	10,226,848
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	<u>108,837,671</u>	<u>98,610,823</u>
End of year	<u>\$ 128,545,842</u>	<u>\$ 108,837,671</u>

See accompanying notes to consolidated financial statements.

# INTERNATIONAL UNION OF BRICKLAYERS AND ALLIED CRAFTWORKERS AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services											Support Services			Totals
	Collective Bargaining	Benefits	Organizing	Political & Legislative	Education	Legal	Governance	Regional Offices	Communications	Other	Total Program Services	Internal Administrative	Headquarter Building	Total Support Services	
Salaries	\$ 531,383	\$ -	\$ 657,720	\$ 121,539	\$ 113,724	\$ 464,849	\$ 1,458,529	\$ 2,252,982	\$ 414,182	\$ 88,178	\$ 6,103,086	\$ 7,116,061	\$ 602,574	\$ 7,718,635	\$ 13,821,721
Fringe benefits	494,486	-	612,051	113,100	105,827	432,572	1,357,254	2,096,542	385,423	82,055	5,679,310	6,621,946	144,381	6,766,327	12,445,637
Death benefit payments	-	1,847,658	-	-	-	-	-	-	-	-	1,847,658	-	-	-	1,847,658
Travel and meetings	17,850	-	155,376	42,502	493,604	10,934	1,109,521	529,339	1,977	-	2,361,103	14,983	13	14,996	2,376,099
Memberships in other organizations	-	-	-	-	-	-	1,352,496	-	-	-	1,352,496	-	-	-	1,352,496
Contract work	190,196	-	16,319	8,018	54,746	113,802	256,447	93,064	106,652	13	839,257	132,923	-	132,923	972,180
Printing	360	-	3,081	796	3,177	253	16,960	5,796	122,717	-	153,140	15,862	-	15,862	169,002
Postage and freight	504	-	2,329	366	1,716	83	13,454	20,234	116,553	96	155,335	56,168	26	56,194	211,529
Insurance	-	217,222	1,813	-	-	7,806	3,134	5,292	-	-	235,267	4,468	59,830	64,298	299,565
Office expense	2,269	-	4,089	17,303	13,447	4,908	9,513	172,785	7,498	205	232,017	344,781	663,780	1,008,561	1,240,578
Telephone	1,534	-	8,118	577	844	1,019	3,922	33,959	1,777	308	52,058	98,709	2,406	101,115	153,173
Donations and grants	678,838	-	507,964	-	92,000	-	650,410	5,000	-	1,000	1,935,212	-	-	-	1,935,212
Equipment expense	26,922	-	1,020	-	10,550	1,013	218,052	22,709	-	-	280,266	54,618	2,240	56,858	337,124
Rent	-	-	-	-	-	-	-	-	-	-	-	13,267	43,606	56,873	56,873
Occupancy fees	-	-	-	-	-	-	-	1,432	-	-	1,432	-	667,407	667,407	668,839
Building maintenance	2,800	-	552	1,509	4,003	2,784	6,295	2,829	1,269	439	22,480	9,089	413,742	422,831	445,311
Interest	-	-	-	-	-	-	-	-	-	-	-	-	1,496,105	1,496,105	1,496,105
Real estate and personal property taxes	115,521	-	22,792	62,254	165,142	114,870	274,510	116,693	52,356	18,103	942,241	387,345	327,226	714,571	1,656,812
Depreciation and amortization	13,249	-	4,157	6,788	18,006	12,524	32,681	16,696	8,270	1,974	114,345	115,451	1,457,536	1,572,987	1,687,332
Other expenses	1,834	-	52,272	10,379	46,361	4,334	52,204	26,689	1,639	5,152	200,864	131,024	213,078	344,102	544,966
Allocations to related parties	-	-	-	-	-	(21,850)	-	(144,983)	-	-	(166,833)	(7,205,404)	-	(7,205,404)	(7,372,237)
Other reimbursements and expense offsets	(164,100)	-	-	(10,450)	(2,000)	-	(3,085)	(45,125)	-	-	(224,760)	(73,780)	-	(73,780)	(298,540)
Total expenses	\$ 1,913,646	\$ 2,064,880	\$ 2,049,653	\$ 374,681	\$ 1,121,147	\$ 1,149,901	\$ 6,812,297	\$ 5,211,933	\$ 1,220,313	\$ 197,523	\$ 22,115,974	\$ 7,837,511	\$ 6,093,950	\$ 13,931,461	\$ 36,047,435

See accompanying notes to consolidated financial statements.

# INTERNATIONAL UNION OF BRICKLAYERS AND ALLIED CRAFTWORKERS AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services											Support Services			Totals
	Collective Bargaining	Benefits	Organizing	Political & Legislative	Education	Legal	Governance	Regional Offices	Communications	Other	Total Program Services	Internal Administrative	Headquarter Building	Total Support Services	
Salaries	\$ 511,452	\$ -	\$ 693,313	\$ 112,250	\$ 372,998	\$ 473,005	\$ 1,414,698	\$ 2,053,119	\$ 382,944	\$ 81,023	\$ 6,094,802	\$ 7,116,442	\$ 589,039	\$ 7,705,481	\$ 13,800,283
Fringe benefits	420,134	-	569,525	92,208	306,400	388,552	1,162,108	1,686,541	314,570	66,557	5,006,595	5,845,824	128,771	5,974,595	10,981,190
Death benefit payments	-	1,789,583	-	-	-	-	-	-	-	-	1,789,583	-	-	-	1,789,583
Travel and meetings	21,250	-	182,318	44,524	466,067	5,768	1,038,000	780,742	3,401	110,945	2,653,015	14,061	538	14,599	2,667,614
Memberships in other organizations	-	-	-	-	-	-	1,363,765	-	-	-	1,363,765	-	-	-	1,363,765
Contract work	192,884	-	1,412	10,850	89,624	123,060	264,666	132,638	194,604	675	1,010,413	110,417	-	110,417	1,120,830
Printing	-	-	6,058	-	3,474	324	3,071	10,980	65,920	-	89,827	22,408	-	22,408	112,235
Postage and freight	915	-	2,954	830	1,060	322	9,480	22,472	102,006	1,224	141,263	53,280	21	53,301	194,564
Insurance	-	154,661	(20)	-	-	7,906	2,556	5,279	-	-	170,382	4,501	60,069	64,570	234,952
Office expense	6,328	-	2,486	34,481	14,720	3,228	11,813	166,404	6,787	240	246,487	353,898	461,654	815,552	1,062,039
Telephone	3,132	-	7,392	1,296	3,582	1,416	5,519	33,602	3,269	442	59,650	86,214	2,646	88,860	148,510
Donations and grants	385,786	-	596,104	2,500	75,395	-	620,145	200	-	-	1,680,130	150	-	150	1,680,280
Equipment expense	29,273	-	948	-	43,199	-	154,931	10,798	1,504	48,117	288,770	69,102	1,385	70,487	359,257
Rent	-	-	-	-	-	-	-	-	-	-	-	8,141	31,097	39,238	39,238
Occupancy fees	-	-	-	-	-	-	-	388	-	-	388	-	739,394	739,394	739,782
Building maintenance	2,929	-	578	1,577	1,305	2,912	6,581	2,958	1,327	3,338	23,505	9,505	431,083	440,588	464,093
Interest	-	-	-	-	-	-	-	-	-	-	-	-	1,542,133	1,542,133	1,542,133
Real estate and personal property taxes	40	-	21	-	18	19	16,145	22	-	-	16,265	16,524	1,633,111	1,649,635	1,665,900
Depreciation and amortization	10,924	-	3,764	5,880	4,865	10,973	28,216	15,026	7,028	12,447	99,123	110,471	1,451,880	1,562,351	1,661,474
Other expenses	1,830	-	3,112	26,328	44,067	3,588	62,029	18,403	1,749	8,984	170,090	82,770	166,563	249,333	419,423
Allocations to related parties	-	-	-	-	-	(27,950)	-	(136,359)	-	-	(164,309)	(6,896,400)	-	(6,896,400)	(7,060,709)
Other reimbursements and expense offsets	(169,700)	-	-	(8,500)	(2,000)	-	(396)	(22,191)	-	-	(202,787)	(79,147)	-	(79,147)	(281,934)
Total expenses	\$ 1,417,177	\$ 1,944,244	\$ 2,069,965	\$ 324,224	\$ 1,424,774	\$ 993,123	\$ 6,163,327	\$ 4,781,022	\$ 1,085,109	\$ 333,992	\$ 20,536,957	\$ 6,928,161	\$ 7,239,384	\$ 14,167,545	\$ 34,704,502

See accompanying notes to consolidated financial statements.



**INTERNATIONAL UNION OF BRICKLAYERS AND ALLIED  
CRAFTWORKERS AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from		
Members for dues	\$ 42,077,285	\$ 38,991,882
Affiliated unions	195,957	178,156
Related organizations	7,199,310	7,047,103
Others	6,228,611	6,337,790
Interest and dividends	751,152	577,637
Cash disbursed to		
Officers and employees		
Salaries	(13,883,127)	(13,669,264)
Benefits	(12,445,637)	(10,853,414)
Beneficiaries for member death benefits	(1,893,175)	(1,776,608)
AFL-CIO and other labor affiliations	(1,352,496)	(1,363,765)
Professional service providers, suppliers and vendors	(13,491,220)	(12,796,597)
Net cash provided by operating activities	<u>13,386,660</u>	<u>12,672,920</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchases of investments	(1,236,527)	(1,305,612)
Payments for purchases of property and equipment	(227,262)	(489,301)
Proceeds from sale of property and equipment	3,000	-
Proceeds from sale of investments	691,357	855,696
Net cash used for investing activities	<u>(769,432)</u>	<u>(939,217)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan payments	(1,177,644)	(1,131,769)
Net cash used for financing activities	<u>(1,177,644)</u>	<u>(1,131,769)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<u>(63,247)</u>	<u>(286,259)</u>
<b>NET CHANGE IN CASH AND TEMPORARY CASH INVESTMENTS</b>	11,376,337	10,315,675
<b>CASH AND TEMPORARY CASH INVESTMENTS</b>		
Beginning of year	<u>51,400,626</u>	<u>41,084,951</u>
End of year	<u>\$ 62,776,963</u>	<u>\$ 51,400,626</u>

See accompanying notes to consolidated financial statements.

**INTERNATIONAL UNION OF BRICKLAYERS AND  
ALLIED CRAFTWORKERS AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS**

The International Union of Bricklayers and Allied Craftworkers (the International Union) was created on October 17, 1865 to organize workers in the bricklaying and trowel trades industry. The International Union is primarily funded through the levying of fixed dues and by a working dues assessment based on the hours worked by International Union members. Currently, the International Union provides an array of services to its approximately 72,804 members including, but not limited to, collective bargaining, research, education and training, and death and other member benefits.

The International Union formed the BAC F Street, LLC to hold title to property it purchased in 2004 in Washington, DC. The building construction was completed in November 2006, at which time the International Union moved its headquarter operations into the office space.

The International Union and International Masonry Institute (IMI) settled on the purchase of approximately 24.6 acres in Bowie, MD on March 31, 2005. Ownership of the property is structured as a condominium - with the International Union owning 38 percent of the land and IMI owning 62 percent. The International Union formed the BAC Bowie, LLC to hold title to its portion of the property, with the International Union acting as guarantor.

The International Union formed the BAC Disaster Relief Fund on September 21, 2005 as a non-profit organization to provide relief assistance to members and their families who are victims of natural and unnatural disasters.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of 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), *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.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Principles of Consolidation** - The consolidated financial statements include the accounts of the International Union, the BAC F Street, LLC, the BAC Bowie, LLC, and the BAC Disaster Relief Fund. All related activities have been eliminated in the consolidated financial statements.

**Method of Accounting** - The consolidated financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenue is recognized when earned and expenses are recognized when incurred.

**Cash and Temporary Cash Investments** - For purposes of the consolidated statements of cash flows, the International Union considers cash on hand, cash held in bank demand deposit accounts and money market accounts to be cash.

**Canadian Currency** - The International Union maintains checking and savings accounts in Canada as well as the United States. For financial statement purposes, all assets are expressed in U.S. dollar equivalents.

Canadian currencies included in the consolidated statements of financial position are translated at the exchange rates in effect on the last day of the year. Unrealized increases and decreases due to fluctuations in exchange rates are included in the “currency translation adjustment” in the consolidated statements of activities.

Funds received and disbursed in Canada are stated in Canadian dollars without considering exchange rates when reported in the revenue and expenses included in the consolidated statements of activities. However, the change in net assets without donor restrictions in the consolidated statements of activities is adjusted to the U.S. dollar equivalent and this adjustment is also included in the “currency translation adjustment.”

**Investments** - Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the International Union’s gains and losses on investments bought and sold, as well as held during the year.

**Property and Equipment** - Land, building, leasehold improvements, and equipment are carried at cost. Major additions are capitalized while maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed over the estimated useful lives of the related assets by the straight-line method.

	<u>Years</u>
Building	40
Furniture, equipment and automobiles	3-10
Computer equipment	5
Leasehold improvements	10-15

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Inventory** - Inventory is stated at lower of cost and net realizable value.

**Accounts Receivable** - Trade accounts receivable consists of amounts due from local unions for which the International Union has an unconditional right to receive payment. Accounts receivable are stated at the amount management expects to be collected. Due to the large number of members and their dispersion across different geographic areas, there are no significant economic factors that might impact the nature, amount, timing and uncertainty of cash collections. Management periodically evaluates the collectability of accounts receivable based on historical collections and the age of individual receivables. As of December 31, 2019 and 2018, management determined the allowance for doubtful accounts to be \$39,176.

**Deferred Revenue** - Represents rent payments received from tenants in advance, which are deferred until earned.

**Net Assets** - Net assets are reported in two distinct classes as follows:

*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 trust agreement.

*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 December 31, 2019 and 2018, the International Union did not have any net assets with donor restrictions.

**New Accounting Pronouncement Adopted** - During the year ended December 31, 2019, the International Union adopted the provisions of Accounting Standards Update 2014-09, Revenue from *Contracts with Customers* (Topic 606). Topic 606 prescribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized, including performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. It also requires expanded disclosures about the nature, amount, and timing of revenues and cash flows. The adoption of Topic 606 did not have a material impact on the International Union's consolidated financial statements.

**Revenue Recognition** - Revenue from contracts with customers consists primarily of fixed dues, working dues, registration and reinstatement fees and royalty income. Revenue is recognized when control of the promised goods or services is transferred to union members, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Revenue from dues is therefore generally recognized monthly based on dues rates as set forth in the International Union's constitution.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue is recognized using the five-step approach required by ASC Topic 606, as follows:

- Identification of the contract with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when, or as, performance obligations are satisfied.

### *Performance Obligations and Significant Judgments*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation is satisfied. If a distinct good or service does not have an observable standalone selling price, then the primary method used to estimate the standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate a price that a customer would be willing to pay for the goods and services we provide.

*Fixed dues and working dues* entitle members to a bundle of goods and services that are considered a single performance obligation provided ratably over the membership period.

*Royalty income* is recognized ratably over the period of the license agreement. There are no distinct performance obligations and the rights granted under the terms of the license agreement are delivered throughout the term of the agreement.

*Registration and reinstatement fees* are recognized immediately upon receipt because they are non-refundable. There are no distinct performance obligations, and these are considered a bundled group of performance obligations that are delivered union members throughout the membership period.

### *Contract Balances*

The timing of billings, cash collections, and revenue recognition result in contract assets and contract liabilities reported in the consolidated statements of financial position. Contract assets consist entirely of trade accounts receivable, which are recognized only to the extent that it is probable that the International Union will collect substantially all of the consideration to which it is entitled in exchange for the goods or services that will be or have been transferred.

### *Costs to Obtain a Contract*

The International Union has elected the practical expedient available in ASC Subtopic 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Practical Expedients and Optional Exemptions*

The International Union has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities which are both imposed and concurrent with the specific revenue-producing transactions and collected by the International Union from our customers, e.g., sales and use taxes.

**Functional Allocation of Expenses** - The costs of providing various programs and supporting activities of the International Union have been summarized on a functional basis in the consolidated statements of activities 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 program and supporting services benefited based on management's best estimates.

**Estimates** - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Reclassification** - Certain amounts previously reported for the year ended December 31, 2018 were reclassified to conform with the 2019 presentation.

## NOTE 3. TAX STATUS

The Internal Revenue Service has advised that the International Union qualifies under Section 501(c)(5) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws.

The International Union follows authoritative guidance for accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and prescribe a threshold of 'more likely than not' for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. The International Union performed an evaluation of uncertain tax positions for the years ended December 31, 2019 and 2018, and determined that there were no matters that would require recognition in the consolidated financial statements.

**NOTE 4. LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure within one year of December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Total assets at end of year	\$ 167,994,477	\$ 149,517,463
Less nonfinancial assets		
Inventories, at cost	(236,428)	(247,806)
Prepaid expenses	(1,280,170)	(429,285)
Deposits and other	(71,167)	(64,341)
Net property and equipment	<u>(48,127,558)</u>	<u>(49,587,628)</u>
Total financial assets available for general expenditures coming due in the next year	<u>\$ 118,279,154</u>	<u>\$ 99,188,403</u>

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.

**NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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 International Union uses the three levels of the fair value hierarchy described as follows:

- Level 1    Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the International Union has the ability to access.
- Level 2    Inputs to the valuation methodology include other significant observable inputs including:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability; and
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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



**NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

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 tables set forth by level, within the fair value hierarchy, the International Union's assets at fair value as of December 31, 2019 and 2018:

Description	Total 12/31/2019	Quoted Price Markets for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
American depository receipts (ADRs)	\$ 54,632	\$ 54,632	\$ -	\$ -
Capital stock	46,053	-	-	46,053
Common stock	26,831,146	26,831,146	-	-
Foreign common stock	808,708	808,708	-	-
Mutual funds	22,111,572	22,111,572	-	-
	<u>\$ 49,852,111</u>	<u>\$ 49,806,058</u>	<u>\$ -</u>	<u>\$ 46,053</u>

Description	Total 12/31/2018	Quoted Price Markets for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
American depository receipts (ADRs)	\$ 48,600	\$ 48,600	\$ -	\$ -
Capital stock	47,100	-	-	47,100
Common stock	20,372,846	20,372,846	-	-
Foreign common stock	585,540	585,540	-	-
Mutual funds	21,008,259	21,008,259	-	-
	<u>\$ 42,062,345</u>	<u>\$ 42,015,245</u>	<u>\$ -</u>	<u>\$ 47,100</u>

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

*American depository receipts, common stock and foreign common stock:* Valued based on quoted market prices as of the last business day of the year.

*Capital stock, foreign common stock:* The fair value is based on the current value for non-controlling and non-marketable stock of the investee.

*Mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded. These funds are open-end mutual funds that are registered with the Security Exchange Committee (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price.



**NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a reconciliation of the changes in Level 3 investments for the year ended December 31, 2019:

<u>Changes in Level 3 Category</u>	<u>Capital Stock</u>
Beginning balance - 1/1/19	\$ 47,100
Net realized gains	-
Sales	(1,047)
Ending balance - 12/31/19	<u>\$ 46,053</u>

There were no changes in Level 3 investments for the year ended December 31, 2018.

Net investment income is as follows:

	<u>2019</u>	<u>2018</u>
Net appreciation (depreciation) in fair value of investments	\$ 6,722,343	\$ (1,621,003)
Interest and dividends	<u>1,273,405</u>	<u>1,017,790</u>
	<u>\$ 7,995,748</u>	<u>\$ (603,213)</u>

**NOTE 6. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 14,508,883	\$ 14,508,883
Building	43,390,699	43,390,699
Furniture, equipment and automobiles	2,409,218	2,407,881
Computer equipment	547,665	475,033
Leasehold improvements	3,929,209	3,915,768
Leasehold improvements - tenant	<u>5,976,786</u>	<u>5,853,933</u>
	70,762,460	70,552,197
Less: accumulated depreciation	<u>(22,634,902)</u>	<u>(20,964,569)</u>
Net property and equipment	<u>\$ 48,127,558</u>	<u>\$ 49,587,628</u>

Depreciation and amortization expenses were \$1,681,676 and \$1,661,474 for the years ended December 31, 2019 and 2018, respectively.

## NOTE 7. MORTGAGE LOAN

The International Union refinanced the property with a \$42,000,000 mortgage loan in October 2014. The mortgage loan is payable over 25 years with interest accruing at a rate of 3.98% per annum. The mortgage loan is secured by the deed of trust on the property, a blanket lien on all fixtures and chattels, and an assignment of the leases to future tenants of the building.

The International Union incurred certain costs of \$573,107 when the mortgage loan was refinanced. These costs are amortized over the 25 year life of the loan utilizing the straight-line method and are included in the balance of notes payable as presented in the consolidated statements of financial position. The International Union began to amortize these costs on December 1, 2014.

The amortization of the loan is as follows:

Year ending December 31,	
2020	\$ 1,225,379
2021	1,275,048
2022	1,326,731
2023	1,380,509
2024	1,436,467
Thereafter	<u>29,826,945</u>
Total	<u>\$ 36,471,079</u>

## NOTE 8. REVENUE FROM CONTRACTS WITH CUSTOMERS

### *Disaggregation of Revenue from Contracts with Customers*

The following table disaggregates the International Union's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2019 and 2018.

	2019	2018
Performance obligations satisfied over time		
Fixed dues	\$ 7,130,115	\$ 7,082,407
Working dues	34,380,749	32,323,524
Royalty income	108,478	160,361
Performance obligations satisfied at a point in time		
Registration and reinstatement fees	347,754	350,781
Other revenue*		
Loss on sale of assets	3,000	(3,192)
Unrealized gain (loss) on investments	6,631,675	(1,698,870)
Realized gain on investments	90,668	77,867
Interest and dividends, net of expenses	1,273,405	1,017,790
Currency translation adjustment	(63,247)	(286,259)
Rental and building related income	5,662,074	5,845,309
Disaster Relief Fund contributions	190,935	61,632
	<u>\$ 55,755,606</u>	<u>\$ 44,931,350</u>

**NOTE 8. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

\* Due to the nature of these revenue streams, these items are excluded from required disaggregation under ASC Topic 606. They are included here to provide a reconciliation to total revenues reported in the consolidated statements of activities.

*Contract Balances*

All of the International Union's contract assets are considered accounts receivable and are included within the dues and fees and other receivables balances in the consolidated statements of financial position. The International Union does not have any contract liabilities.

Balances in these accounts as of the beginning and end of the years ended December 31, 2019 and 2018 are as follows.

	2019	2018	2017
Assets			
Accounts receivable			
Dues and fees, net	\$ 4,307,514	\$ 4,526,181	\$ 3,761,351
Royalties	15,880	16,758	8,980
	<u>\$ 4,323,394</u>	<u>\$ 4,542,939</u>	<u>\$ 3,770,331</u>

**NOTE 9. RENTAL INCOME**

The International Union leases office space to AARP and to Bricklayers and Trowel Trades International Pension Fund. The total rental income for the years ended December 31, 2019 and 2018 was \$5,662,074 and \$5,845,309, respectively.

The total rental income to be received each of the next 5 years and the aggregate thereafter are as follows:

Year ending December 31,	
2020	\$ 5,408,884
2021	5,489,093
2022	1,374,475
2023	555,156
2024	562,845
Thereafter	<u>1,100,595</u>
Total	<u>\$ 14,491,048</u>

#### **NOTE 10. AFFINITY CARD AGREEMENT**

The International Union has entered into a multi-year license agreement and a list use agreement with the AFL-CIO, under which the AFL-CIO has obtained rights to use certain intangible property belonging to the International Union, including the right 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's 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. In 2012, these agreements were extended to December 2022.

During the years ended December 31, 2019 and 2018, the International Union recognized affinity card income of \$108,478 and \$160,361, respectively.

#### **NOTE 11. OPERATING LEASES**

The International Union, as lessee, has entered into various leasing arrangements for office equipment, office space and automobiles, which expire over various periods. The International Union expects that in the normal course of operations, leases which expire will be renewed or replaced by other leases. In addition to the rental payments and related expenses, the International Union pays all executory costs such as taxes, maintenance and insurance on the office equipment, computers and automobiles.

The International Union entered into a 15 year lease, which commenced December 1, 2006, for its headquarters. In addition to the base rent, the International Union pays as additional rent, its proportionate share of the operating costs and real estate taxes for the building located on F Street, N.W., Washington, D.C.

The following is a summary by years of future minimum rental payments required under operating leases except for intercompany leases that have remaining noncancellable lease terms in excess of one year at December 31, 2019:

Year ending December 31,	
2020	\$ 76,855
2021	<u>51,605</u>
Total	<u>\$ 128,460</u>

**NOTE 11. OPERATING LEASES (CONTINUED)**

The composition of total 2019 and 2018 rental expense for all operating leases before reduction for amounts charged to affiliated organizations, as discussed in Note 16, was as follows:

	2019	2018
Automobiles	\$ 121,753	\$ 127,988
Office equipment	64,632	66,202
Office space	34,092	20,716
	<u>\$ 220,477</u>	<u>\$ 214,906</u>

**NOTE 12. PENSION PLANS**

The International Union provides retirement benefits through the International Union of Bricklayers and Allied Craftworkers Salaried Employees Pension Fund (the Plan), a defined benefit pension plan covering numerous entities related to the International Union. The Plan covers all regular, full-time officers and employees of the International Union. The risks of participating in a multiemployer plan are different from a single-employer plan in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the International Union chooses to stop participating in its multiemployer plan, the International Union may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The International Union's participation in the Plan for the annual periods ended December 31, 2019 and 2018, is outlined in the table below.

The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number. The most recent Pension Protection Act (PPA) zone status available in 2019 and 2018 is for the Plan's year-end at December 31, 2019 and 2018, respectively.

The zone status is based on information that the International Union received from the Plan and is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreement to which the plan is subject.

**NOTE 12. PENSION PLANS (CONTINUED)**

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions of the International Union		Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2019	2018		2019	2018		
Salaried Employees Pension Fund	53-0038250/001	Green	Green	No	\$ 6,171,540	\$ 5,610,488	No	22-Mar-21

For the years ended December 31, 2019 and 2018, the International Union was listed on the Plan's 5500 as providing more than five (5) percent of the total contributions for the plan years.

Both participants and employers contribute to the Plan. Participant contributions are made at the rate of 3% of current annual compensation. Employer contributions are equal to the difference in the amount necessary to meet the Plan's funding requirement and the total amount contributed by participants. The funding requirement is determined by the Plan's actuary.

The Executive Board of the International Union, as Acting Trustees, established the Bricklayers and Allied Craftworkers Staff 401(k) Plan effective January 1, 2003. The International Union made no employer contributions for either of the years ended December 31, 2019 and 2018.

The International Union adopted a supplemental benefit plan to permit officers to receive pension benefits that they would otherwise be entitled to but for the compensation and benefit limitations of the Internal Revenue Code under which the plan qualifies and operates. The supplemental plan includes a defined contribution and a defined benefit component. The defined contribution component was adopted effective January 1, 2007. Pension costs accrued for 2019 and 2018 represent this component and total \$850,000 and \$748,000, respectively. There were no employer contributions to the plan or benefits paid for the years ended December 31, 2019 and 2018.

**NOTE 13. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE**

The International Union participates in a multiemployer plan that provides certain defined health care and life insurance benefits to retired employees. Substantially, all of the International Union's employees may become eligible for those benefits if they reach normal retirement age while working for the International Union. Amounts charged to benefit costs for claims and insurance premiums paid in 2019 and 2018 were \$574,986 and \$544,215, respectively.

**NOTE 14. DEATH BENEFITS**

The International Union provides death benefits to deceased members admitted to membership prior to October 1, 1985 who were members continuously until death. Death benefits range from \$25 to \$2,000 based on the number of years the deceased was a member of the International Union.

## NOTE 15. UNINSURED CASH BALANCES

The International Union maintains its cash in various deposit accounts. Cash balances in the United States are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The International Union cash balances on deposit with U.S. banks exceed the amount insured by the FDIC by approximately \$59 million at December 31, 2019. The cash balances in Canadian bank accounts are insured by the Canadian government up to \$100,000 (in Canadian dollars) per bank. The International Union has a cash balance on deposit with a bank that exceeds the amount insured by the Canada Deposit Insurance Corporation (CDIC) by approximately \$3.7 million. The International Union also has approximately \$54,000 invested in money market and overnight investment accounts at December 31, 2019 which are not insured by the FDIC.

## NOTE 16. RELATED PARTIES

At December 31, 2019 and 2018 amounts due from (to) related entities included the following:

	December 31, 2019		December 31, 2018	
	Due From Related Entities	Due To Related Entities	Due From Related Entities	Due To Related Entities
Bricklayers and Trowel Trades				
International Pension Fund	\$ 522,542	\$ (6,254)	\$ 492,953	\$ (2,418)
Local Union Officers and Employees				
Pension Fund	68,470	-	59,705	-
Salaried Employees Pension Fund	44,988	(27,600)	37,931	(27,830)
International Masonry Institute	376,509	-	367,852	-
International Masonry Training and				
Education Foundation	415	-	-	-
International Health Fund	265,480	-	143,908	-
BAC - Political Action Committee	-	(543)	-	(1,025)
BAC Flexible Benefit Plan	28	-	32	-
	<u>\$ 1,278,432</u>	<u>\$ (34,397)</u>	<u>\$ 1,102,381</u>	<u>\$ (31,273)</u>

The International Union provides certain administrative services and office space to a number of organizations related to the International Union through common Trustees. These administrative services include accounting services, data processing and computer services, personnel services, meeting services, audio-visual services, and centralized dues collection services. The International Union allocates its cost of providing these services to each related entity.

**NOTE 16. RELATED PARTIES (CONTINUED)**

The costs allocated for these services and for office rent for 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Bricklayers and Trowel Trades		
International Pension Fund	\$ 3,294,604	\$ 3,156,550
Local Union Officers and Employees		
Pension Fund	408,740	374,347
Salaried Employees Pension Fund	282,729	252,784
International Masonry Institute	2,349,137	2,276,077
International Health Fund	1,036,793	1,000,731
BAC Flexible Benefit Plan	<u>234</u>	<u>220</u>
	<u>\$ 7,372,237</u>	<u>\$ 7,060,709</u>

**NOTE 17. 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 for damages against the International Union and one or more of its affiliated local unions. The International Union's legal 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 18. SUBSEQUENT EVENTS**

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the International Union's financial condition and activities cannot be determined at this time. All subsequent events have been evaluated through April 20, 2020, which is the date the consolidated financial statements were available to be issued. This review and evaluation revealed no other new material event or transaction which would require adjustment to the accompanying consolidated financial statements.