

CIAF/FCIA

annual report 2016

**Construction Industry Advancement Fund of Southern California
Fund for Construction Industry Advancement**







2016 Chairman's Message

The Construction Industry Advancement Fund (**CIAF**) and the Fund for Construction Industry for Advancement (**FCIA**) collectively funded more than \$2.6 million in grants supporting a wide range of programs and projects sponsored by a number of highly respected, industry-related organizations. Through the end of 2016, CIAF has awarded grants in excess of \$25.5 million; and FCIA in excess of \$46.5 million, for a collective distribution of nearly \$72 million.

CIAF commenced operations on September 19, 1972, and FCIA on September 28, 1977. The Funds are established and operate under Trust Agreements adopted by four sponsoring Associations: Associated General Contractors of California, Inc. (AGC); Building Industry Association of Southern California (BIA); Engineering Contractors Association (ECA); and the Southern California Contractors Association (SCCA).

CIAF and FCIA collect contributions from several hundred contractors in the eleven-county area of Southern California, comprised of Imperial, Inyo, Kern, Los Angeles, Mono, Orange, Riverside, Santa Barbara, San Bernardino, San Luis Obispo, and Ventura Counties in accordance with collective bargaining agreements. In the case of CIAF, contributions are received from employers through the United Brotherhood of Carpenters and Joiners of America. Affiliates of the Operative Plasterers and Cement Masons International Association, the International Union of Operating Engineers, the Laborers International Union of North America, and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America provide financing for FCIA.

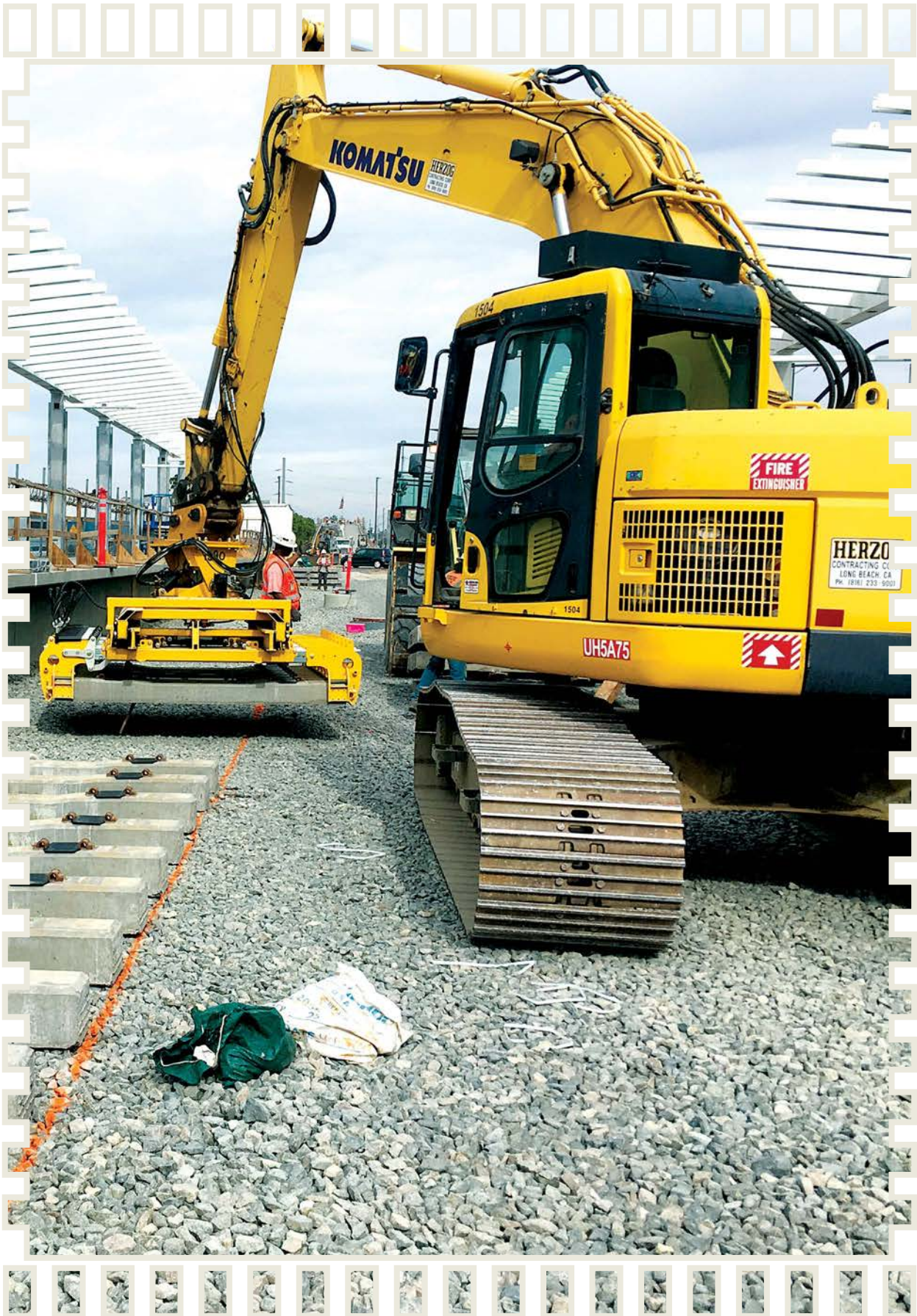
The Funds promote, encourage and assist in financing activities for the following purposes: study of Building Codes, Regulations and Laws affecting the construction industry and recommend improvements; education and training of supervisory and managerial personnel of the industry; to promote cooperation among architects, engineers, public officials and contractors; to study and promote safety programs for the prevention of accidents and crime prevention; to assemble statistical information and conduct research for market development.

CIAF and FCIA supported activities are outlined in this report. Audited Financial Statements of 2016 operations are included. We trust that this report will be a source of satisfaction to all contributing contractors. Continued funding of each grant is monitored closely. Quarterly progress and financial reports are required. All reports are reviewed by the Administrator, and Trustees, certifying that the funds are being efficiently utilized for the purposes approved.

On behalf of the Trustees, we extend our sincere appreciation for your continued support.

Mark A. Thurman

Mark A. Thurman
Chairman



■ ■ ■ ■ ■ 2016 Summary of Grants Awarded ■ ■ ■ ■ ■

AGC LEGISLATIVE PROGRAM

To support a State-wide budget of staff and facilities for review of pending legislation affecting the construction industry; and to present to members of the California Senate and Assembly the industry's views on relevant legislative matters.

		16 - 01	
	CIAF \$	304,000	
(Legislative Grant Committee)	FCIA \$	394,000	
	TOTAL \$	698,000	

AGC THE ROAD INFORMATION PROGRAM (TRIP)

To help finance information programs promoting greater utilization of public roadways and public support for projects to improve and upgrade roads, highways and bridges within California.

		16 - 02	
	CIAF \$	6,600	
(Advocacy Grant Committee)	FCIA \$	18,000	
	TOTAL \$	24,600	

AGC CONSTRUCTION INDUSTRY WORKFORCE DEVELOPMENT PROGRAMS

To assist in developing a curriculum at the high school level for the education and preparation of students in construction skills and the opportunities and benefits of the industry.

		16 - 03	
	CIAF \$	45,000	
(Omnibus/Legal Grant Committee)	FCIA \$	68,000	
	TOTAL \$	113,000	

AGC SAFETY PROGRAM LENDING LIBRARY

To help finance the ongoing updating of the Safety Lending Library, which provides safety resources, materials and information on a low or no cost basis to the construction industry as a whole.

		16 - 04	
	CIAF \$	1,200	
(Omnibus/Legal Grant Committee)	FCIA \$	1,800	
	TOTAL \$	3,000	

SCCA LEGISLATIVE PROGRAM

To conduct a comprehensive Legislative Program, involving investigation, research and active participation in legislative conferences, meetings and other events. To introduce and support legislation favorable to the industry, and to vigorously oppose legislation which would be detrimental to the construction industry at large.

		16 - 05	
	CIAF \$	48,316	
(Legislative Grant Committee)	FCIA \$	528,426	
	TOTAL \$	576,742	

SCCA SCHOLARSHIP FUND

To support a Scholarship Fund of Southern California Contractors Association, to assist engineering students interested in construction careers to continue their education in accredited schools.

		16 - 06	
	CIAF \$	15,800	
(Omnibus/Legal Grant Committee)	FCIA \$	56,200	
	TOTAL \$	72,000	

TRANSPORTATION CALIFORNIA PUBLIC OUTREACH CAMPAIGN

To help finance an outreach program to alert the public to the problems facing the construction industry and the peril of continuing to neglect California's transportation infrastructure.

		16 - 07	
	CIAF \$	12,000	
(Advocacy Grant Committee)	FCIA \$	16,700	
	TOTAL \$	28,700	

ECA CONSTRUCTION INDUSTRY ADVOCACY PROGRAM

To help finance efforts of the Engineering Contractors Association to inform construction contractors regarding legislative developments affecting the industry and, in turn, provide information to legislators on the problems and needs of the industry.

		16 - 08	
	CIAF \$	40,000	
(Legislative Grant Committee)	FCIA \$	98,000	
	TOTAL \$	138,000	

ECA INDUSTRY ADVANCEMENT PROGRAM

To assist financing the ECA Industry Advancement Program which serves to advance and promote the construction industry both locally and at a state level through several avenues of media and events.

		16 - 09	
	CIAF \$	8,900	
(Advocacy Grant Committee)	FCIA \$	23,900	
	TOTAL \$	32,800	

ECA SCHOLARSHIP PROGRAM

To assist financing the ECA Scholarship Program, which has provided academic scholarships to students since 1990.

		16 - 10	
	CIAF \$	4,000	
(Omnibus/Legal Grant Committee)	FCIA \$	11,000	
	TOTAL \$	15,000	

ECA SAFETY PROGRAM

To assist financing the ongoing ECA Safety Program, which provides continuing safety training and education for members and their employees, as well as, provide access to numerous safety related industry publications.

		16 - 11	
	CIAF \$	7,000	
(Omnibus/Legal Grant Committee)	FCIA \$	20,000	
	TOTAL \$	27,000	

CONSTRUCTION INDUSTRY CRIME PREVENTION PROGRAM

To share in the costs of a program to detect and prevent acts of theft and/or vandalism affecting the construction industry in Southern California. In 2016, the value of construction equipment and materials recovered by the program totaled \$149,188; (For the period 1984 - 2016, total recoveries since the program's inception are \$44,780,068.)

		16 - 12	
	CIAF \$	4,800	
(Omnibus/Legal Grant Committee)	FCIA \$	7,200	
	TOTAL \$	12,000	

2016 Summary of Grants Awarded continued...

BIA BUILDING INDUSTRY LEGAL DEFENSE (BILD) FOUNDATION

To protect the integrity of the entitlement/construction process and protect the rights of property owners to develop their land. Special emphasis is placed on problems created by the State and Federal Endangered Species Act, abuses of construction defects litigation, and the imposition of excessive impact fees to finance public infrastructure and schools.

		16 - 13
	CIAF \$	110,000
(Omnibus/Legal Grant Committee)	FCIA \$	140,000
	TOTAL \$	250,000

FUTUREPORTS

To help fund FuturePorts in its continuing dedication of ensuring a balanced course that meets Southern California's economic, environmental and social goals through the green growth of its Ports and will, among other issues, serve as a regional voice for members at local, state and federal regulatory and legislative agencies on issues affecting the Los Angeles/Long Beach port complex.

		16 - 14
	CIAF \$	22,500
(Advocacy Grant Committee)	FCIA \$	52,500
	TOTAL \$	75,000

CONSTRUCTION INDUSTRY AIR QUALITY COALITION (CIAQC)

To help finance a long-term, coordinated project for monitoring actions of the South Coast Air Quality Management District, the Southern California Association of Governments, the California Resources Board and the Environmental Protection Agency, and their impact on the construction industry. The project is directed by three representatives each of AGC, BIA, ECA and SCCA as a coalition on Air Quality Management.

		16 - 15
	CIAF \$	25,000
(Advocacy Grant Committee)	FCIA \$	150,000
	TOTAL \$	175,000

CONSTRUCTION INDUSTRY COALITION ON WATER QUALITY (CICWQ)

To help finance a forum and entity to respond collectively to the unprecedented levels of water quality regulatory activity by regulators and anti-development interest groups.

		16 - 16
	CIAF \$	15,000
(Advocacy Grant Committee)	FCIA \$	160,000
	TOTAL \$	175,000

CONSTRUCTION INDUSTRY FORCE ACCOUNT COUNCIL (CIFAC)

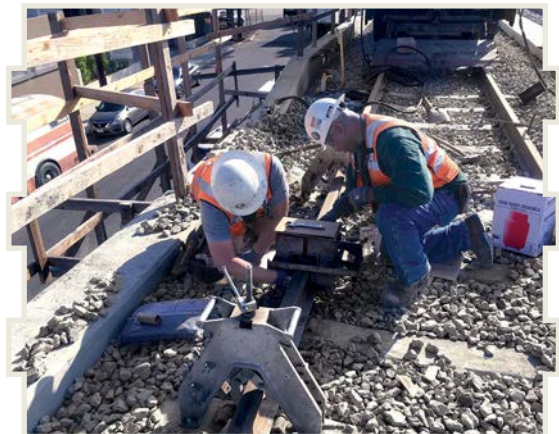
To obtain, supervise and maintain the services of professionals possessing the experience and knowledge of Force Account methods and bidding practices, to study, investigate and determine if awarding authorities are violating, or have violated laws, ordinances and/or regulations.

		16 - 17
	CIAF \$	62,000
(Advocacy Grant Committee)	FCIA \$	125,440
	TOTAL \$	187,440

CONSTRUCTION INDUSTRY TRANSPORTATION CONSULTANT PROGRAM

To assist in the retention of a Transportation Consultant who will work on behalf of the construction industry to reduce regulatory roadblocks, fees, trip times in the movement of construction equipment and materials.

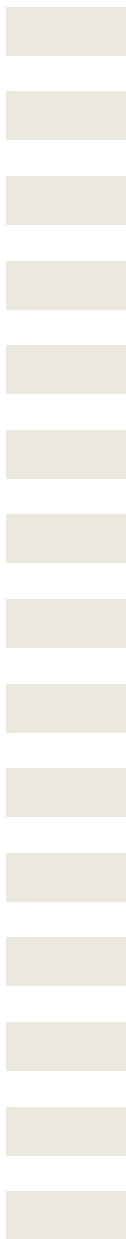
		16 - 18
	CIAF \$	12,000
(Advocacy Grant Committee)	FCIA \$	18,000
	TOTAL \$	30,000



■ ■ ■ ■ ■ **CIAF** \$ 744,116

■ ■ ■ ■ ■ **FCIA** \$ 1,889,166

2016 GRAND TOTAL \$ **2,633,282**



Administrators

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MARCELINA URIBE-SANCHEZ

Administrative Assistant

ELVIRA CAMPOS

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LEGAL COUNSEL

JOHN S. MILLER, JR.
Cox, Castle & Nicholson, LLP

¹ Replaced W. Singleton as Trustee

² Replaced C.W. Poss as Trustee

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Trustee Appointed by SCCA

DEREK RADOS
Steve P. Rados, Inc.
Trustee Appointed by AGC

LEGAL COUNSEL

JOHN S. MILLER, JR.
Cox, Castle & Nicholson, LLP

¹ Replaced W. Singleton as Trustee

² Replaced R. Larison as Trustee

2016 Independent Auditors' Report

CIAF

BERNARD KOTKIN & COMPANY LLP

Board of Trustees

CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA

El Monte, California

We have audited the accompanying financial statements of **CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA**, an unincorporated trust, which comprise the balance sheets as of December 31, 2016 and the related statement of operations and fund balance for the year then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these 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.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of **CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA** as of December 31, 2016, and the result of its operations for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

Los Angeles, California

July 25, 2017

CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA

(an unincorporated trust)

BALANCE SHEET AT DECEMBER 31, 2016

ASSETS:		
Cash In Bank –		
Cash and temporary cash investments (Note 1)		\$ 352,449
Investment –		
Certificate of Deposit with interest at .75%		75,000
Receivables –		
Contributions from employers (Note 2)	\$ 164,282	
Interest Receivable	48	164,330
		<u>2,477</u>
Deposit and prepaid expenses		
		<u>2,477</u>
TOTAL ASSETS		<u>\$ 594,256</u>
LIABILITIES AND FUND BALANCE:		
Liabilities –		
Accounts payable	\$ 5,796	
Due to Fund for		
Construction Industry Advancement (Note 5)	13,398	
Proxy tax payable	<u>11,288</u>	\$ 30,482
Fund Balance –		
Operating reserve	86,340	
Contingency reserve	157,659	
Uncommitted	<u>319,775</u>	<u>563,774</u>
TOTAL LIABILITIES AND FUND BALANCE:		<u>\$ 594,256</u>

CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA

(an unincorporated trust)

STATEMENT OF OPERATIONS AND FUND BALANCE YEAR ENDED DECEMBER 31, 2016

REVENUE:		
Contributions from employers, net refunds	\$ 1,020,610	
Interest income	<u>669</u>	
Total revenue:		\$ 1,021,279
EXPENDITURES:		
Grants funded (Note 6)	739,251	
Operating expenses	<u>142,776</u>	
Total expenditures:		<u>882,027</u>
Increase in Fund Year		139,252
Fund Balance – Beginning of Year		<u>424,522</u>
Fund Balance – End of Year		<u>\$ 563,774</u>

The accompanying notes are an integral part of these financial statements.



December 31, 2016

Notes to Financial Statements

CIAF



NOTE 1 – PLAN DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Construction Industry Advancement Fund of Southern California was established for the purpose of operating a program for the advancement of the construction industry. Funds to finance the activities of the Trust Fund are derived from employer contributions paid under the Carpenters Master Labor Agreement.

Assets, liabilities, revenue and expenses are recorded on the accrual method of accounting.

Cash and temporary cash investments include cash and investments in short term, highly liquid investments which generally have maturities of three months or less.

Depreciation on office furniture and equipment is computed on the straight-line method over their estimated useful lives.

Use of 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 the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation and income recognition –

The plan's investments are stated 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.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable from employers represent the total of amounts received during January for hours worked during December and prior months.

NOTE 3 – SIGNIFICANT CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Fund to credit risk consist primarily of cash and short term investments. The Fund places its cash and cash investments with high credit quality institutions, and at times, such amounts may be in excess of the FDIC insurance limits.

NOTE 4 – FAIR VALUE MEASUREMENT

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) and the lowest priority to unobservable inputs (level 3). 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; 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 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.

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, 2016.

Certificate of Deposit – Valued at cost plus accrued interest earned.

The following tables set forth by level, within the fair value hierarchy, the Fund's assets at fair value as December 31, 2016:

ASSETS AT FAIR VALUE AS OF DECEMBER 31, 2016

INVESTMENT	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Certificate of Deposit	<u>\$75,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$75,000</u>

NOTE 5 – DUE TO FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT

Effective January 1, 1993, the Board of Trustees voted to utilize Fund for Construction Industry Advancement for payment of administrative expenses. Fund for Construction Industry Advancement shares 60% and Construction Industry Advancement Fund shares 40% of the administrative expenses.

NOTE 6 – GRANTS

During year ended December 31, 2016, the Board of Trustees awarded \$744,116 and funded \$744,116 in grants. The grant disbursement was \$739,251 is net of refunds of \$4,865.

NOTE 7 – PENSION PLAN

Effective January 1, 1998, the Fund established a money purchase pension plan, where the employer can contribute up to 25% of the employee's compensation. Effective January 1, 2001 the rate is changed to 15% of the employee's compensation. At December 31, 2016, contributions to the fund were \$6,496.

NOTE 8 – INCOME TAX STATUS

The Fund is exempt from income tax under Section 501(c)(6) of the Internal Revenue Code and under Section 23701(e) of the Revenue and Taxation Code of the State of California, and accordingly, the Fund's net investment income is exempt from income taxes. The Fund has obtained a favorable tax determination letter from the IRS, and continues to qualify and operate in accordance with applicable provisions of the IRC.

U.S. GAAP require Fund management to evaluate tax positions taken by the Fund and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or Franchise Tax Board. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2013.

NOTE 9 – SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through July 25, 2017, the date the financial statements were issued.



2016 Independent Auditors' Report

FCIA

BERNARD KOTKIN & COMPANY LLP

Board of Trustees

FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT

El Monte, California

We have audited the accompanying financial statements of **FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT**, an unincorporated trust, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of cash flows, operations and fund balance for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these 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.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT** as of December 31, 2016 and 2015, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

Los Angeles, California

July 25, 2017

FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT

(an unincorporated trust)

BALANCE SHEET AT DECEMBER 31, 2016

ASSETS:		
Cash In Bank –		
Cash and temporary cash investments (Note 1)		\$ 661,251
Investment –		
Certificates of Deposit with interest from .90% to 1.10%		290,000
Receivables –		
Contributions from employers (Note 2)	\$ 306,599	
Interest Receivable	315	
Due from Construction Industry Advancement Fund (Note 3)	<u>13,398</u>	320,312
Deposit and prepaid expenses		<u>5,001</u>
TOTAL ASSETS		<u>\$ 1,231,564</u>
LIABILITIES AND FUND BALANCE:		
Liabilities –		
Accounts payable	\$ 11,387	
Payroll taxes payable	296	
Proxy tax payable	<u>25,262</u>	\$ 36,945
Fund Balance –		
Operating reserve	136,100	
Contingency reserve	338,031	
Uncommitted	<u>720,488</u>	<u>1,194,619</u>
TOTAL LIABILITIES AND FUND BALANCE:		<u>\$ 1,231,564</u>

FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT

(an unincorporated trust)

STATEMENT OF OPERATIONS AND FUND BALANCE YEAR ENDED DECEMBER 31, 2016

REVENUE:		
Contributions from employers, net of refunds	\$ 2,339,576	
Interest income	<u>2,915</u>	
Total revenue:		\$ 2,342,491
EXPENDITURES:		
Grants funded (Note 6)	1,882,448	
Operating expenses	<u>215,446</u>	
Total expenditures:		<u>2,097,894</u>
Increase in Fund for Year		244,597
Fund Balance – Beginning of Year		<u>950,022</u>
Fund Balance – End of Year		<u>\$ 1,194,619</u>

The accompanying notes are an integral part of these financial statements.



December 31, 2016 Notes to Financial Statements **FCIA**

NOTE 1 – PLAN DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fund for Construction Industry Advancement was established for the purpose of establishing and operating a program for the advancement of the construction industry. Funds to finance the activities of the Trust Fund are derived from employer contributions paid under the Southern California Master Labor Agreement which includes the Eleven Southern California Counties Cement Masons, the International Union of Operating Engineers, Local No. 12, the Southern California District Council of Laborers, and the Joint Council of Teamsters No. 42 and Teamsters Local No. 87.

Assets, liabilities, revenue and expenses are recorded on the accrual method of accounting.

Cash and temporary cash investments include cash and investments in short term, highly liquid investments which generally have maturities of three months or less.

Depreciation on office furniture and equipment is computed on the straight-line method over their estimated useful lives.

Use of 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 the reported amounts of assets and liabilities. Actual results could differ from those estimates.

Investment valuation and income recognition –

The fund's investments are stated 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.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Contributions receivable from employers represent the total of amounts received during January for hours worked during December and prior months.

NOTE 3 – DUE FROM CONSTRUCTION INDUSTRY ADVANCEMENT FUND

Effective January 1, 1993, the Board of Trustees voted to utilize Fund for Construction Industry Advancement for payment of administrative expenses. Fund for Construction Industry Advancement shares 60% and Construction Industry Advancement Fund shares 40% of the administrative expenses.

NOTE 4 – SIGNIFICANT CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Fund to credit risk consist primarily of cash and short-term investments. The Fund places its cash and cash investments with high credit quality institutions, and at times, such amounts may be in excess of the FDIC insurance limits.

NOTE 5 – FAIR VALUE MEASUREMENT

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) 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 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; 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.

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

Certificates of Deposit – Valued at cost plus accrued interest earned.

The following tables set forth by level, within the fair value hierarchy, the Fund's assets at fair value as of December 31, 2016.

ASSETS AT FAIR VALUE AS OF DECEMBER 31, 2016

INVESTMENT	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Certificates of Deposit	<u>\$290,000</u>	<u>\$ — —</u>	<u>\$ — —</u>	<u>\$290,000</u>

NOTE 6 – GRANTS

During year ended December 31, 2016, the Board of Trustees awarded \$1,889,166 and funded \$1,889,166 in grants. The grant disbursement of \$1,882,448 is net of refunds of \$6,718.

NOTE 7 – PENSION PLAN

Effective January 1, 1998, the Fund established a money purchase pension plan, where the employer can contribute up to 25% of the employee's compensation. Effective January 1, 2001 the rate is changed to 15% of the employee's compensation. At December 31, 2016, contributions to the fund was \$9,338.

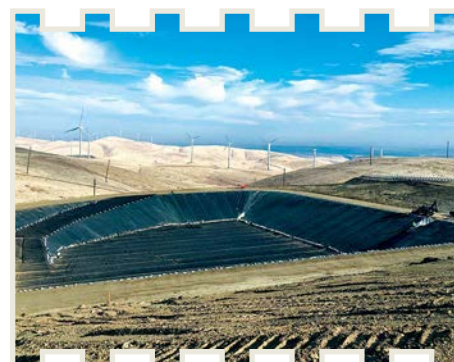
NOTE 8 – INCOME TAX STATUS

The Fund is exempt from income tax under Section 501(c)(6) of the Internal Revenue Code and under Section 23701(e) of the Revenue and Taxation Code of the State of California, and accordingly, the Fund's net investment income is exempt from income taxes. The Fund has obtained a favorable tax determination letter from the IRS, and continues to qualify and operate in accordance with applicable provisions of the IRC.

U.S. GAAP require Fund management to evaluate tax positions taken by the Fund and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or Franchise Tax Board. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2013.

NOTE 9 – SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through July 25, 2017, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.





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