

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

CIAF - FCIA
2019 ANNUAL REPORT



2019 Chairman's Message

During the calendar year of 2019, the Construction Industry Advancement Fund (CIAF) and the Fund for Construction Industry for Advancement (FCIA) collectively funded more than \$3.8 million in grants supporting a wide range of programs and projects sponsored by a number of highly respected, industry-related organizations. Since inception of these two funds more that \$75 million in grants have been awarded through the end of 2019.

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).

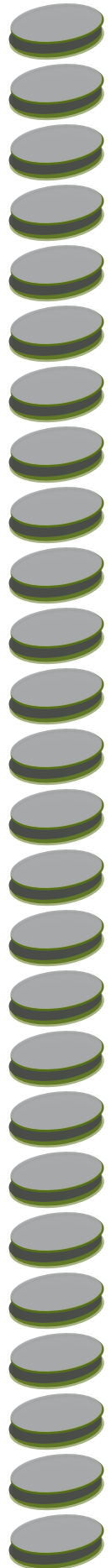
CIAF and FCIA collect contributions from several hundred contractors in the eleven-county areas of Southern California, comprised of Imperial, Inyo, Kern, Los Angeles, Mono, Orange, Riverside, Santa Barbara, San Bernardino, San Luis Obispo, and Ventura Counties under collective bargaining agreements. 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.

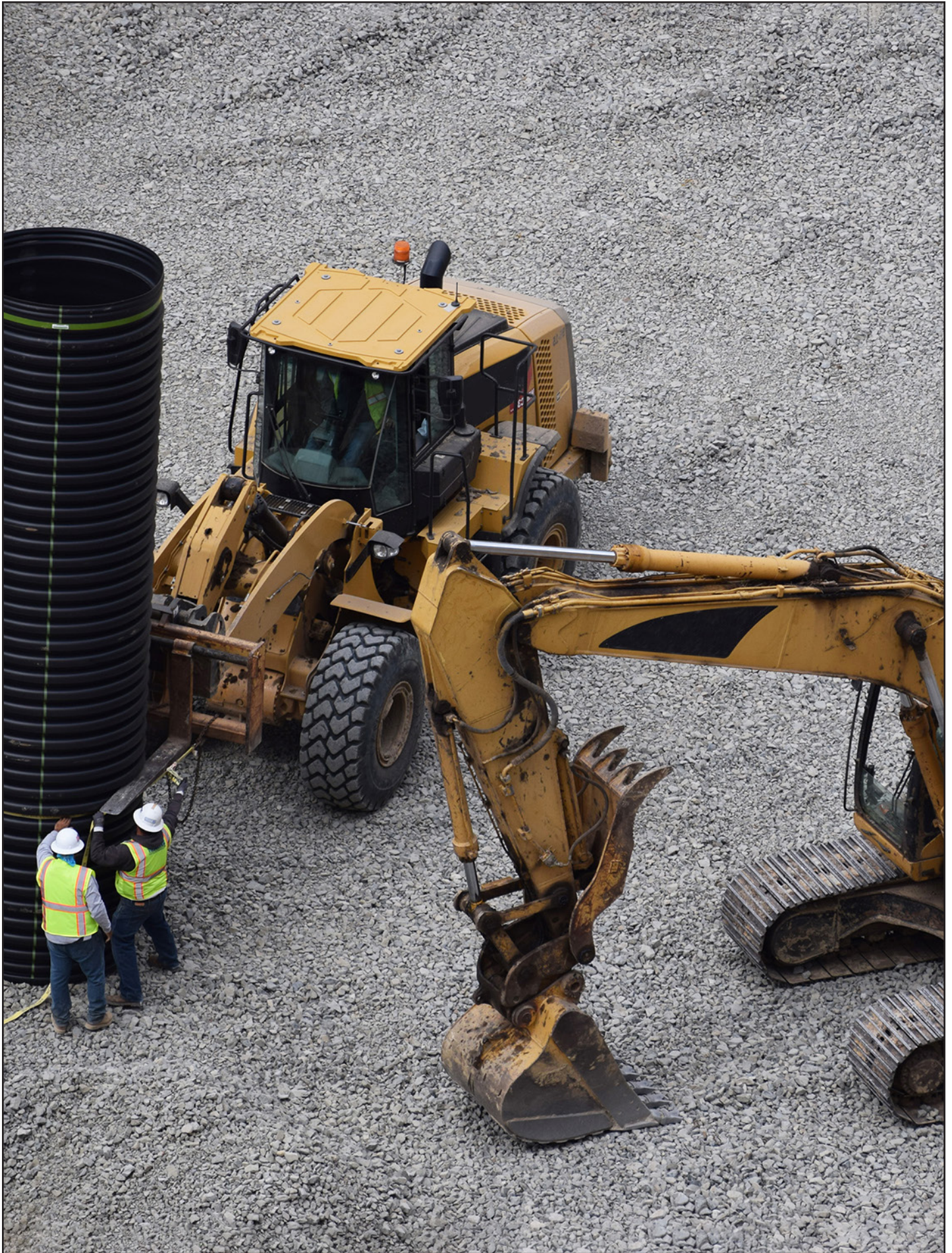
The Funds promote, encourage, and assist in financing activities for the following purposes: a study of Building Codes, Regulations and Laws affecting the construction industry and recommend improvements; education and training of supervisory and managerial personnel of the industry; to promote cooperation 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 2019 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.

Dan McGrew on behalf of
Mark A. Thurman





2019 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.

19-01

(Legislative Grant Committee)	CIAF \$	310,864.00
	FCIA \$	488,136.00
	TOTAL	\$799,000.00

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.

19-02

(Advocacy Grant Committee)	CIAF \$	11,672.00
	FCIA \$	18,328.00
	TOTAL	\$30,000.00

AGC CONSTRUCTION EDUCATION FOUNDATION

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.

19-03

(Omnibus/Legal Grant Committee)	CIAF \$	132,282.00
	FCIA \$	207,718.00
	TOTAL	\$340,000.00

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.

19-04

(Legislative Grant Committee)	CIAF \$	60,800.00
	FCIA \$	547,200.00
	TOTAL	\$608,000.00

SCCA SCHOLARSHIP PROGRAM

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

19-05

(Omnibus/Legal Grant Committee)	CIAF \$	12,000.00
	FCIA \$	108,000.00
	TOTAL	120,000.00

SCCA CONSTRUCTION UNIVERSITY

To develop and deliver a comprehensive education, employee development, safety training program for its members and their construction industry workforce.

19-06

(Omnibus/Legal Grant Committee)	CIAF \$	9,500.00
	FCIA \$	85,500.00
	TOTAL	\$95,000.00

ECA CONSTRUCTION INDUSTRY ADVOCACY PROGRAM

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.

19-07

(Legislative Grant Committee)	CIAF \$	57,180.00
	FCIA \$	133,420.00
	TOTAL	\$190,600

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.

19-08

(Advoc)	CIAF \$	16,380.00
	FCIA \$	38,220.00
	TOTAL	\$54,600.00

ECA SCHOLARSHIP PROGRAM

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

19-09

(Omnibus/Legal Grant Committee)	CIAF \$	12,000.00
	FCIA \$	28,000.00
	TOTAL	\$40,000.00

2019 Summary of Grants Awarded continued

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.

19-10

(Omnibus/Legal Grant Committee)	CIAF \$ FCIA \$ TOTAL	9,000.00 21,000.00 \$30,00.00
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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.

19-11

(Omnibus/Legal Grant Committee)	CIAF \$ FCIA \$ TOTAL	28,500.00 66,500.00 \$95,000.00
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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.

19-12

(Omnibus/Legal Grant Committee)	CIAF \$ FCIA \$ TOTAL	158,424.00 186,576.00 \$345,000.00
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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.

19-13

(Advocacy Grant Committee)	CIAF \$ FCIA \$ TOTAL	15,000.00 35,000.00 \$50,000.00
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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.

19-14

(Advocacy Grant Committee)	CIAF \$ FCIA \$ TOTAL	74,160.00 173,040.00 \$247,200.00
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CONSTRUCTION INDUSTRY COALITION FOR 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.

19-15

(Advocacy Grant Committee)	CIAF \$ FCIA \$ TOTAL	90,000.00 210,000.00 \$300,000.00
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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.

19-16

(Advocacy Grant Committee)	CIAF \$ FCIA \$ TOTAL	90,639.00 211,491.00 \$302,130.00
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2019 GRAND TOTAL

2019 GRAND TOTAL	CIAF \$ FCIA \$ TOTAL	1,088,401.00 2,558,128.00 \$3,646,530.00
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Independent Auditor's Report

The Board of Trustees

Construction Industry Advancement Fund of Southern California Covina, California

Report on the Financial Statements

We have audited the accompanying financial statements of Construction Industry Advancement Fund of Southern California, a nonprofit organization, which comprise the statement of financial position as of December 31, 2019, and the related statement of activities and cash flows for the year then ended and the related notes to the financial statement.

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 audit. We conducted our audit 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 the Construction Industry Advancement Fund of Southern California as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the Entity as of and for the year ended December 31, 2018, were audited by other auditors whose reported dated October 4, 2019 expressed an unmodified opinion on those statements.

Pasadena, California November 22, 2021



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CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA
Statements of Financial Position
DECEMBER 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and cash equivalents	\$ 305,511	\$ 288,708
Investments		
Certificate of deposit	75,000	75,000
Receivables –		
Employer contributions	207,663	175,368
Other Receivables	—	4,244
Interest Receivables	<u> </u>	<u>159</u>
Total Receivables	207,663	179,771
Deposit and Prepaid Expenses	<u>1,767</u>	<u>1,767</u>
Total Assets	<u>\$ 589,941</u>	<u>\$ 545,246</u>
Liabilities and Fund Balance:		
Liabilities		
Accounts Payable	\$ 5,719	\$ 466
Due to Fund for Construction Industry Advancement	4,309	4,846
Proxy Tax Payable	<u>9,997</u>	<u>10,967</u>
Total Liabilities	<u>\$ 20,025</u>	<u>\$ 16,279</u>
Net Assets Without Donor Restrictions		
Board Designated - Operating Reserve	142,010	78,560
Board Designated - Contingency Reserve	131,400	276,963
Undesignated	<u>296,506</u>	<u>173,444</u>
Total Net Assets Without Donor Restrictions	<u>569,916</u>	<u>528,967</u>
Total Liabilities and Net Assets	<u>\$ 589,941</u>	<u>\$545,246</u>

See Notes to Financial Statements

CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA

Statements of Activities

YEARS ENDED DECEMBER 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Change in Net Assets Without Donor Restrictions		
Revenues and Gains		
Employer contributions	\$ 1,242,821	\$ 1,114,217
Refunds	1,060	3,768
Interest Income and Other	<u>2,003</u>	<u>1,645</u>
Total Revenue and Gains	<u>1,245,884</u>	<u>1,119,630</u>
Expenses:		
Program expenses		
Grants Funded	<u>1,135,143</u>	<u>1,068,459</u>
Management and general expenses		
Administrative fee	50,924	50,902
Annual report expense	—	1,250
Audit and accounting fees	5,720	4,770
Bank charges	1,842	1,836
Contributions Collection Program	2,970	2,980
Insurance and bond	5,918	6,163
Legal fees and expenses	—	1,777
Miscellaneous	1,213	1,354
Rent	1,164	1,140
Trustee meeting expense	<u>41</u>	<u>43</u>
Total Management and General Expenses	<u>69,792</u>	<u>72,215</u>
Total Expenses	<u>1,204,935</u>	<u>1,140,674</u>
Change in Net Assets Without Donor Restrictions	40,949	(21,044)
Net Assets Without Donor Restrictions, Beginning of Year	<u>528,967</u>	<u>550,011</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 569,916</u>	<u>\$ 528,967</u>

See Notes to Financial Statements

CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Increase (decrease) in net assets without donor restrictions	\$ 40,949	\$ (21,044)
Changes in operating assets and liabilities		
Receivables	(27,892)	(3,795)
Prepaid Expenses	—	246
Payables	<u>3,746</u>	<u>(6,476)</u>
Net Cash From Operating Activities	<u>16,803</u>	<u>(31,069)</u>
Net Change in Cash and Cash Equivalents	<u>16,803</u>	<u>(31,069)</u>
Cash and Cash Equivalents, Beginning of Year	<u>288,708</u>	<u>319,777</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 305,511</u></u>	<u><u>\$ 288,708</u></u>

See Notes to Financial Statements

Note 1 - Principal Activity and Significant Accounting Policies**Organization**

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

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Receivables and Credit Policies

Employer contributions receivable consist of noninterest-bearing amounts due from various employers affiliated with the Organization through the Carpenters Master Labor Agreement. Allowance for uncollectable employer contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Employer contributions receivable are written off when deemed uncollectable. At December 31, 2019 and 2018, the allowance was \$0.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reports as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has a designated operating reserve for \$142,010 and \$78,560 as of December 31, 2019 and 2018, respectively. The Board also has a designated contingency reserve for \$131,400 and \$276,963, as of December 31, 2019 and 2018, respectively.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At December 31, 2019 and 2018, the Organization has no net assets with donor restrictions.

Revenue and Revenue Recognition

Revenue is recognized from employer contributions when services are provided. Employer contributions are governed by the collective bargaining agreement or working agreement, which provides for a per hour rate that the employers are required to pay into the Organization for each employee hour worked. In exchange the Organization provides ongoing promotion and advancement of the construction industry.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of activities also present the natural classification detail of expenses by function. No costs have been allocated among program and supporting services benefited because the expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting services activities.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(6). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with employer contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from employers that are signatory to a collective bargaining agreement or working agreement and are supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA

Notes to Financial Statements

December 31, 2019 and 2018

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restriction or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 305,511	\$ 288,708
Certificate of Deposit	75,000	75,000
Employer contributions	207,663	175,368
Other Receivables	—	4,244
Interest Receivable	—	159
	<u> </u>	<u> </u>
Total Assets	<u>\$ 588,174</u>	<u>\$ 543,479</u>

Note 3 - Fair Value Measurement

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in less active markets, observable inputs other than quoted prices that are used in the valuation of an asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined by pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA**Notes to Financial Statements****December 31, 2019 and 2018**

The following table presents assets measured at fair value on a recurring basis at December 31, 2019:

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Certificate of Deposit	\$ —	\$ 75,000	\$ —	\$ 75,000

The following table presents assets measured at fair value on a recurring basis at December 31, 2019 and 2018:

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Certificate of Deposit	\$ —	\$ 75,000	\$ —	\$ 75,000

Note 4 – 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. Storage fees was the only expenses allocated in the last two years.

Note 5 – Grants

During year ended December 31, 2019, twenty grants were awarded to persons who undertook projects to study building codes, regulations and laws affecting the construction industry to recommend improvements and to advance the construction industry. The Board of Trustees awarded \$1,135,143 and funded \$1,135,143 in grants as of December 31, 2019. The Board of Trustees awarded \$1,068,459 and funded \$1,068,459 in grants as of December 31, 2019.

Note 6 – Subsequent Events

Subsequent to year-end, the United States and global markets experienced significant fluctuations in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Organization's management is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these fluctuations. The Organization's financial statements do not include adjustments to fair value that have resulted from these fluctuations.

The Organization's management has evaluated subsequent events through November 22, 2021, the date which the financial statements were available to be issued.

CONSTRUCTION INDUSTRY ADVANCEMENT FUND OF SOUTHERN CALIFORNIA

(An unincorporated trust)

SCHEDULE OF GRANTS FUNDED

YEAR ENDED DECEMBER 31, 2019

Grant Number	Grantee and Program	Total Amount	Total Amount Disbursed
1118-19-01	AGC Legislative Program	\$ 310,864.00	
1119-19-02	AGC The Road Information Program (TRIP)	11,672.00	
1120-19-03	AGC Construction Education Foundation	132,282.00	
1121-19-04	SCCA Legislative Program	60,800.00	
1122-19-05	SCCA Scholarship Fund	12,000.00	
1123-19-06	SCCA Construction University	9,500.00	
1124-19-07	ECA Construction Industry Advocacy	57,180.00	
1125-19-08	ECA Industry Advancement Program	16,380.00	
1126-19-09	ECA Scholarship Program	12,000.00	
1127-19-10	ECA Safety Program	9,000.00	
1128-19-11	Crime Prevention Program of So. California	28,500.00	
1129-19-12	BIA for Building Industry Legal Defense Foundation (BILD)	158,424.00	
1130-19-13	Future Ports	15,000.00	
1131-19-14	Construction Industry Air Quality Coalition (CIAQC)	74,160.00	
1132-19-15	Construction Industry Coalition for Water Quality (CICWQ)	90,000.00	
1133-19-16	CIFAC/Industry Force Account	<u>90,639.00</u>	
GRAND TOTAL		<u><u>\$1,088,401.00</u></u>	

Fund for Construction Industry Advancement

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Independent Auditor's Report

The Board of Trustees
Fund for Construction Industry Advancement
Covina, California

Report on the Financial Statements

We have audited the accompanying financial statements of Fund for Construction Industry Advancement, a nonprofit organization, which comprise the statement of financial position as of December 31, 2019, and the related statement of activities and cash flows for the year then ended and the related notes to the financial statement.

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 audit. We conducted our audit 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.

Eide Bailly LLP



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FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and cash equivalents	\$ 467,650	\$ 401,460
Investments		
Certificates of deposit	290,000	290,000
Receivables		
Employer contributions	406,441	532,462
Interest Receivable	4	348
Due from Construction Industry Advancement Fund	<u>4,309</u>	<u>4,846</u>
Total Receivables	410,754	537,656
Deposit and Prepaid Expenses	<u>1,648</u>	<u>1,648</u>
Total Assets	<u>\$1,170,052</u>	<u>\$1,230,764</u>
Liabilities and Net Assets:		
Liabilities		
Accounts Payable	\$ 7,334	\$ 2,882
Proxy Tax Payable	<u>19,770</u>	<u>31,832</u>
Total Liabilities	<u>\$ 27,104</u>	<u>\$ 34,714</u>
Net Assets Without Donor Restrictions		
Board Designated - Operating Reserve	216,804	126,150
Board Designated - Contingency Reserve	309,600	645,595
Undesignated	<u>616,544</u>	<u>424,305</u>
Total Net Assets Without Donor Restrictions	<u>\$ 1,142,948</u>	<u>\$ 1,196,050</u>
Total Liabilities and Net Assets	<u>\$1,170,052</u>	<u>\$1,230,764</u>

See Notes to Financial Statements

FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Change in Net Assets Without Donor Restrictions		
Revenues and Gains		
Employer contributions	\$ 2,709,107	\$ 2,598,319
Refunds	13,017	5,049
Interest Income and Other	<u>6,314</u>	<u>5,159</u>
Total Revenue and Gains	<u>2,728,438</u>	<u>2,608,527</u>
Expenses:		
Program expenses		
Grants Funded	<u>2,667,195</u>	<u>2,493,071</u>
Management and general expenses		
Administrative fees	76,385	76,352
Audit fees	6,550	5,681
Bank fees	1,175	912
Contributions Collection Program	15,524	22,573
Insurance expense	6,591	7,544
Legal fees	681	2,661
Miscellaneous	4,791	5,636
Trustee meeting expense	<u>2,648</u>	<u>26</u>
Total Management and General Expenses	<u>114,345</u>	<u>121,385</u>
Total Expenses	<u>2,781,540</u>	<u>2,614,456</u>
Change in Net Assets Without Donor Restrictions	(53,102)	(5,929)
Net Assets Without Donor Restrictions, Beginning of Year	<u>1,196,050</u>	<u>1,201,979</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 1,142,948</u>	<u>\$ 1,196,050</u>

See Notes to Financial Statements

FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT**Statements of Cash Flows****Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change net assets	\$ (53,102)	\$ (5,929)
Changes in operating assets and liabilities		
Receivables	126,902	(141,179)
Prepaid Expenses	—	952
Payables	<u>(7,610)</u>	<u>(2,335)</u>
Net Cash From Operating Activities	<u>66,190</u>	<u>(148,491)</u>
Net Change in Cash and Cash Equivalents	<u>66,190</u>	<u>(148,491)</u>
Cash and Cash Equivalents, Beginning of Year	<u>401,460</u>	<u>549,951</u>
Cash and Cash Equivalents, End of Year	<u>\$ 467,650</u>	<u>\$ 401,460</u>

See Notes to Financial Statements

Note 1 - Principal Activity and Significant Accounting Policies**Organization**

The Fund for Construction Industry Advancement (the Organization) 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 Entity 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.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Receivables and Credit Policies

Employer contributions receivable consist of noninterest-bearing amounts due from various employers affiliated with the Organization through the Southern California Master Labor Agreement. Allowance for uncollectable employer contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Employer contributions receivable are written off when deemed uncollectable. At December 31, 2019 and 2018, the allowance was \$0.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reports as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has a designated operating reserve for \$216,804 and \$126,150 as of December 31, 2019 and 2018, respectively. The Board also has a designated contingency reserve for \$309,600 and \$645,595, as of December 31, 2019 and 2018, respectively.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At December 31, 2019 and 2018, the Organization has no net assets with donor restrictions.

Revenue and Revenue Recognition

Revenue is recognized from employer contributions when services are provided. Employer contributions are governed by the collective bargaining agreement or working agreement, which provides for a per hour rate that the employers are required to pay into the Organization for each employee hour worked. In exchange the Organization provides ongoing promotion and advancement of the construction industry.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of activities also present the natural classification detail of expenses by function. No costs have been allocated among program and supporting services benefited because the expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting services activities.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(6). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with employer contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from employers that are signatory to a collective bargaining agreement or working agreement and are supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

FUND FOR CONSTRUCTION INDUSTRY ADVANCMENT

Notes to Financial Statements

December 31, 2019 and 2018

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restriction or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 467,650	\$ 401,460
Certificate of Deposit	290,000	290,000
Employer contributions	406,441	532,462
Interest Receivable	4	348
Due from Construction Industry Advancement Fund	<u>4,309</u>	<u>4,846</u>
	<u>\$ 1,168,404</u>	<u>\$ 1,229,116</u>

Note 3 - Fair Value Measurement

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in less active markets, observable inputs other than quoted prices that are used in the valuation of an asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined by pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT**Notes to Financial Statements****December 31, 2019 and 2018**

The following table presents assets measured at fair value on a recurring basis at December 31, 2019:

Fair Value Measurements at Report Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Total
Certificates of Deposit	\$ —	\$ 290,000	\$ 290,000

The following table presents assets measured at fair value on a recurring basis at December 31, 2018:

Fair Value Measurements at Report Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Total
Certificates of Deposit	\$ —	\$ 290,000	\$ 290,000

Note 4 - 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. The only administrative expense that was allocated during the past two years was storage fees.

Note 5 - Grants

During year ended December 31, 2019 and 2018, grants were awarded to persons who undertook projects to study building codes, regulations and laws affecting the construction industry, to recommend improvements and to advance the construction industry. The Board of Trustees awarded \$2,667,195 and funded \$2,667,195 in grants as of December 31, 2019. The Board of Trustees awarded \$2,493,071 and funded \$2,493,071 in grants as of December 31, 2019.

Note 6 - Subsequent Events

Subsequent to year-end, the United States and global markets experienced significant fluctuations in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The entity's management is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these fluctuations. The Organization's financial statements do not include adjustments to fair value that have resulted from these fluctuations.

The Organization has evaluated subsequent events through November 22, 2021, the date which the financial statements were available to be issued.

FUND FOR CONSTRUCTION INDUSTRY ADVANCEMENT

(An unincorporated trust)

SCHEDULE OF GRANTS FUNDED

YEAR ENDED DECEMBER 31, 2019

Grant Number	Grantee and Program	Total Amount	Total Amount Disbursed
F-955-19-01	AGC Legislative Program	\$ 488,136.00	
F-956-19-02	AGC The Road Information Program (TRIP)	18,328.00	
F-957-19-03	AGC Construction Education Foundation	207,718.00	
F-958-19-04	SCCA Legislative Program	547,200.00	
F-959-19-05	SCCA Scholarship Fund	108,000.00	
F-960-19-06	SCCA Construction University	85,500.00	
F-961-19-07	ECA Construction Industry Advocacy	133,420.00	
F-962-19-08	ECA Industry Advancement Program	38,220.00	
F-963-19-09	ECA Scholarship Program	28,000.00	
F-964-19-10	ECA Safety Program	21,000.00	
F-965-19-11	Crime Prevention Program of So. California	66,500.00	
F-966-19-12	BIA for Building Industry Legal Defense Foundation (BILD)	186,576.00	
F-967-19-13	Future Ports	35,000.00	
F-968-19-14	Construction Industry Air Quality Coalition (CIAQC)	173,040.00	
F-969-19-15	Construction Industry Coalition for Water Quality (CICWQ)	210,000.00	
F-970-19-16	CIFAC/Industry Force Account	<u>211,491.00</u>	
GRAND TOTAL		<u><u>\$2,558,128.00</u></u>	

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