LABORERS PENSION TRUST FUND FOR NORTHERN CALIFORNIA

FINANCIAL STATEMENTS

May 31, 2016 and 2015

LABORERS PENSION TRUST
FUND FOR NORTHERN CALIFORNIA
FINANCIAL STATEMENTS
May 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Laborers Pension Trust Fund for
Northern California

Report on the Financial Statements

We have audited the accompanying financial statements of Laborers Pension Trust Fund for Northern California (the "Trust"), which comprise the statements of net assets available for benefits as of May 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Trust 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 Trust'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 Trust'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.

Board of Trustees
Laborers Pension Trust Fund for
Northern California
(Continued)

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Laborers Pension Trust Fund for Northern California's net assets available for benefits as of May 31, 2016, and changes therein for the year then ended and its financial status as of May 31, 2015, and changes therein for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Hemming Morse LLP

San Francisco, California
March 7, 2017

EXHIBIT A

LABORERS PENSION TRUST
FUND FOR NORTHERN CALIFORNIA
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
May 31, 2016 and 2015

ASSETS

	2016	2015
Investments (Notes 2C and 5):		
Cash equivalents	$ 93,966,185	$ 78,628,700
U.S. government obligations	98,498,861	74,939,932
Corporate obligations	120,116,893	146,915,081
Common stock	293,733,139	302,429,258
Real estate	16,560,000	16,220,000
Pooled separate account	81,171,889	78,988,878
Common collective trusts	815,396,064	827,215,833
103-12 investment entities	87,400,202	87,000,098
Notes receivable	3,320,448	3,320,448
Mutual funds	96,865,137	71,601,141
Limited partnerships	133,125,896	90,204,984
Other:		
Limited liability company	101,494,935	89,454,724
Mortgages	46,618,249	65,932,917
Hedge funds	82,605,969	87,194,566
Asset-backed security	2,080,572	4,897,695
	2,072,954,439	2,024,944,255
Collateral for Securities on Loan (Note 8)	126,692,966	66,240,485
Receivables:		
Employer contributions, less allowance for doubtful accounts of $220,159 (2016) and $328,492 (2015) (Notes 2B and 3A)	24,764,693	24,052,589
Due from Laborers Funds Administrative Office of Northern California, Inc. (Note 7)	14,591,958	1,734,869
Interest and dividends	2,225,088	2,575,267
Liquidated damages	330,165	363,929
Other receivables	38,830	182,039
Withdrawal liability contributions receivable (Note 9)	-	-
	41,950,734	28,908,693

(Continued)

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

LABORERS PENSION TRUST
FUND FOR NORTHERN CALIFORNIA
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS - (Continued)
May 31, 2016 and 2015

	2016	2015
Cash	6,146,968	182,966
Other Assets:		
Prepaid benefits	12,539,968	12,311,659
Prepaid expenses	1,058,040	1,051,144
Membership certificate	10	10
	13,598,018	13,362,813
Total assets	2,261,343,125	2,133,639,212
LIABILITIES		
Liabilities:		
Accounts payable	997,879	1,319,370
Due to Laborers Funds Administrative Office of Northern California, Inc. (Note 7)	578,515	523,153
Due to other trusts (Note 7)	-	36,429
Due to broker	1,175,207	356,193
Liability to return collateral for securities on loan	126,692,966	66,240,485
Total liabilities	129,444,567	68,475,630
Net Assets Available for Benefits	$ 2,131,898,558	$ 2,065,163,582

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

LABORERS PENSION TRUST
FUND FOR NORTHERN CALIFORNIA
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED May 31, 2016 and 2015

	2016	2015
Additions:		
Employer contributions (Notes 2B and 3A):		
Benefit accrual	$ 63,933,634	$ 58,323,047
Deficit reduction	198,845,958	179,303,684
Withdrawal liability	21,221	21,221
	262,800,813	237,647,952
Investment income:		
Realized and unrealized gains/(losses) on investments, net	(38,991,676)	73,016,666
Interest and dividends	28,107,879	27,794,506
Net lease rentals	841,702	907,454
Settlement Income	37,734	145,086
	(10,004,361)	101,863,712
Less: investment expenses	(6,657,573)	(5,667,812)
Taxes on taxable investment income	(23,969)	-
	(16,685,903)	96,195,900
Other income	80,256	14,804
Total additions	246,195,166	333,858,656
Deductions:		
Pension benefits (Note 1B)	174,582,274	168,613,085
Operating expenses:		
Administrative fees	3,002,477	3,065,515
Professional services:		
Legal and collection	465,049	561,095
Investment consultant fees	199,311	201,335
Actuarial	132,713	187,914
Auditing	41,999	41,219
Pension review	3,841	4,475
	842,913	996,038

(Continued)

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

EXHIBIT B

LABORERS PENSION TRUST
FUND FOR NORTHERN CALIFORNIA
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - (Continued)
FOR THE YEARS ENDED May 31, 2016 and 2015

	2016	2015
General expenses:		
General insurance	94,735	93,397
PBGC insurance	861,259	378,072
Office expense	59,633	18,807
Meetings and conferences	16,899	7,239
	1,032,526	497,515
Total operating expenses	4,877,916	4,559,068
Total deductions	179,460,190	173,172,153
Increase in net assets available for benefits	66,734,976	160,686,503
Net Assets Available for Benefits:		
Beginning of year	2,065,163,582	1,904,477,079
End of year	$ 2,131,898,558	$ 2,065,163,582

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

LABORERS PENSION TRUST
FUND FOR NORTHERN CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE TRUST

The following description of the Trust provides general information only. Participants should refer to the Master Trust Agreement for more specific information.

A. General:

The Laborers Pension Trust Fund for Northern California (the "Trust"), a defined benefit plan, was established on August 2, 1963, for the purpose of providing pension and death benefits to eligible participants of the Trust covered by the collective bargaining agreements by and between Northern and Central California Chapter, The Associated General Contractors of America, Inc. and the Northern California District Council of Laborers, AFL-CIO. The Trust is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and is exempt from federal and California taxes on income under the current provisions of the Internal Revenue Code and the California Revenue and Taxation Code, respectively. However, the Trust is subject to federal and California taxes on its unrelated business taxable income ("UBTI"). UBTI is derived from a trade or business that is unrelated to the exempt organization's purpose. For this Trust, UBTI is mainly derived from investing in entities that also use third party debt financing. The Plan management believes that the Trust, as amended, continues to qualify and to operate in accordance with applicable provision of Internal Revenue Code for which the Trust has received a favorable tax exemption letter.

B. Pension Benefits:

Qualified participants are entitled to a regular, early retirement, disability pension, service pension, deferred vested benefit, or reciprocal pension. Generally benefits are paid in the form of a single-life pension or husband-and-wife pension. Surviving spouse pension, pre-retirement death benefits and lump sum death benefits are available for the beneficiaries of qualified participants.

C. Vesting:

Trust participants are currently vested in accordance with the vesting schedule as found in the Plan document.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting:

The Trust's financial statements are prepared on the accrual basis of accounting.

The preparation of financial statements in conformity 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 and disclosure of contingent 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. Employer Contributions:
Employer contributions reported in the financial statements include amounts relating to hours worked by participants through May 31, plus material delinquent contributions. Allowances are made for uncollectible amounts.

The Trust has an employer payroll audit system in place in which the employers are randomly audited to verify that they are contributing in accordance with their signed agreement. Delinquencies may arise due to these payroll audits, but due to the uncertainty of collections, no estimates of the contributions will be accrued.

C. Valuation of Investments:
The Trust management determines valuation policies utilizing information provided by its investment advisors, managers, and custodians.

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.

Cash equivalents are stated at cost, which equals fair value.

Corporate bonds and U.S. Government Obligations are valued at fair value based on third party pricing vendors using recent transactions or modeling using discounted cash flows or similar methods.

Mutual Fund's fair value is reported as the daily closing price as determined by the fund. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Trust are deemed to be actively traded.

Mortgages are valued on the basis of their future principal and interest payments, discounted at prevailing interest rates for similar instruments at year end, which equals fair value.

Real estate is valued at the most recent independent appraised value, plus subsequent capital improvements, which equals fair value.

Notes receivable are valued at principal balance due, which equals fair value.

The SSGA US Tips Index NI is a common collective. The underlying assets are primarily government issues stated at amortized cost, which approximates fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. Valuation of Investments: – (Continued)

The SSGA S&P 500 Flagship Fund is a common collective trust. The fund's underlying assets are primarily common stock which is valued at the last reported sale price on their principal exchange, market or system on valuation date, or official close price for certain markets.

MSCI Eafe Index SI and MSCI Emerging Markets Index are common collective funds. The underlying assets are exchange traded funds which are valued at the last reported sale price on their principal exchange, market or system on valuation date or official close price for certain markets. If no sales are reported for that day, investments are valued at the last published sale price or at fair value as determined in good faith by the Trustee.

The EnTrust Capital Diversified Fund QP Ltd. is a hedge fund that records its investments in the Master Fund, EnTrust Capital Diversified Fund Ltd., at fair value. Investments in securities of the Master Fund that are traded on a securities exchange are valued at the last reported sales price on the last business day of the year. The Master Fund also manages its investments in portfolios, which may utilize a variety of financial instruments in their trading strategies and invest in U.S. and non-U.S. equities and equity-related securities, debt securities, options, futures, forwards, swap contracts, repurchase agreements, private placements, and commodities, and generally carry all their underlying investments at fair value.

Harbourvest Partner IX Cayman Credit Opportunities Fund and Harbourvest Hipep VI Cayman Fund are 103-12 entities. Both Harbourvest Funds primarily invest in limited partnerships and other pooled investment vehicles. Investments are recorded at fair value using financial statements provided by investment partnerships.

DFA US Small Cap Value Trust is a 103-12 entity. DFA US Small Cap securities are recorded at the last quoted sale price at the close of exchanges. If no such price exists, the Fund values securities at the mean of the most recent quoted bid and asked price which approximate fair value.

American Strategic Value Realty Fund is a limited partnership. American Strategic Value Realty Fund invests primarily in real estate. These investments are recorded as the price that the Fund would expect to receive if the asset was sold to a market participant assuming the highest and best use of each asset at the financial statement date.

Goldman Sachs Private Equity Partner X is a 103-12 entity. Goldman Sachs Private Equity is reported at fair value which 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. This value is determined by the General Partner.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. Valuation of Investments: – (Continued)
The Ullico Separate Account J is a pooled separate account. The Fund primarily invests in mortgage loans and real estate. The fair value of each mortgage loan is established monthly by Ullico as the present value of future mortgage payments due thereunder. The interest rate used is determined by the market interest rate applicable to each loan after considering the market for comparable mortgage investments with similar qualities. Real estate assets held by the investment are valued internally using a method that includes inputs such as appraisals of assets, the nature of the investment, local market conditions, and current projected operating performance of the investments. Other investment transactions are accounted for on a trade date basis. The first-in, first-out method is used for determining the cost of investments sold and realized gains/(losses) on investment transactions.

Gerding Edlen Green Cities I, II and III LP, are limited partnerships. Each Gerding Edlen Fund invests primarily in real estate and uses observable market data, when available, in making fair value measurements. The partnerships consider observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by multiple sources that are actively involved in the relevant market. When observable market inputs are not available, the partnerships use a variety of valuation techniques such as the market approach or the income approach for which sufficient and reliable data is available. The market approach generally consists of using comparable market transactions, while the income approach generally consists of calculating the net present value of estimated future cash flows.

Landmark Equity Partners XIV is a limited partnership. Landmark Equity Partners XIV investments are reported at fair value which is determined by management or at the net asset value as a practical expedient. The investments are generally valued based upon the most recent net asset value or capital account information available from the general partner.

PIMCO Distressed Credit Fund B is an Asset Backed Security with investments valued on each business day using valuation methods adopted by the Investment Manager. Where market quotes are readily available, fair value is generally determined on the basis of the last reported sales price, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market markers, or pricing services. Where market quotes are not readily available, securities and other financial instruments are valued at fair value, as determined in good faith by the Investment Manager.

Warburg Pincus Private Equity XII is a limited partnership. All portfolio assets are valued at fair value which is determined based on the closing price for underlying public securities on the exchange that the securities are publicly traded on the measurement date.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. Valuation of Investments: – (Continued)

The Madison Core Property Fund LLC is a limited liability company. The Fund primarily invests in real estate. Such investments are valued at an estimated fair value based on the price that would be received when selling an asset in an orderly transaction between marketplace participants at measurement date. Investments in real estate properties without a public market are valued based upon fair value assumptions and valuation techniques. Such valuation techniques include the income approach, the sales comparison, and the cost approaches. The Manager also considers actual sale negotiations and bona fide purchase offers received from third parties as well as independent external appraisers. The Manager performs a valuation of all of the Funds' investments in real estate properties quarterly, and each property receives an external appraisal annually by an outside appraiser. The Manager selects from at least two recommended firms it views as qualified to perform an external appraisal for each real estate property.

BPIF Non Taxable LP is a hedge fund. BPIF is recorded at fair value and is based on the percentage ownership in the capital of the Master Fund. The investments within the master fund are reported at fair value which is determined based on valuations performed by the valuation committee. Fair value is estimated based on performing ongoing operational due diligence, review of the Investee Fund's audited financial statements, and ongoing monitoring of other relevant qualitative and quantitative factors.

Voya Senior Loan Collective is a common collective trust with whose underlying assets are term loans. These investments are valued at the average of the means of one or more bid and ask quotations obtained from a pricing service. Loans for which reliable market value quotations are not readily available may be valued with reference to another loan or group of loans for which quotations are more readily available and whose characteristics are comparable to the loan being valued. Under this approach, the comparable loan or loans serve as a proxy for changes in value of the loan being valued.

McMorgan Infrastructure Fund I is a limited partnership and is valued by the General Partner using a model that incorporates various inputs including projected cash flows.

Harbourvest 2015 Global Fund LP is a limited partnership that invests primarily in limited partnerships and pooled investment vehicles. Investments are recorded at fair value using financial statements provided by investment partnerships.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. Valuation of Investments: – (Continued)

McMorgan Northern California Value-Add/Development Fund I LP is a limited partnership. The Fund invests primarily in real estate and real estate partnerships, which are valued based upon valuations performed internally and upon appraisal reports prepared by independent real estate appraisers (Members of the Appraisal Institute). Investments in real estate without a public market are valued based upon fair value assumptions and valuation techniques. Such valuation techniques include the income approach, the sales comparison and the cost approaches. The Fund also considers actual sale negotiations and bona fide purchase offers received from third parties as well as independent external appraisals. In general, the Fund considers multiple valuation techniques when measuring the fair value of a real estate investment. However, in certain circumstances, a single valuation technique may be appropriate.

GSO European Senior Debt Feeder Fund LP is a limited partnership. Investments within the Feeder Fund are valued according to GAAP at fair value. Fair value is the amount 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 under current market conditions. The investment manager formed the GSO Valuation Committee to assist the general partners with the investment valuation process.

D. Uncertain Tax Positions:

The Trust has adopted guidance on accounting for uncertainty in income taxes by the Financial Accounting Standards Board. The Trust management believes that the Trust has not taken any uncertain tax positions that require adjustment to the financial statements as a tax liability. The Trust management believes it is no longer subject to income tax examinations for fiscal years prior to May 31, 2013.

E. Concentration of Credit Risk:

The Trust maintains its cash balances at high credit quality financial institutions. Accounts at these institutions are insured by Federal Deposit Insurance Corporation up to $250,000. At times, such cash balances may be in excess of the insurance limit.

F. Reclassification:

Certain prior year amounts may have been reclassified to conform to current year financial statement presentation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. Change in Accounting Standards:

In May 2015, the FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 amended ASC 820, Fair Value Measurements and Disclosures, to remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendment also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016 and should be applied retrospectively. Early adoption is permitted and the Trust adopted the new guidance in 2016 and applied it retrospectively for 2015.

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965): I. Fully Benefit-Responsive Investment Contracts; II. Plan Investment Disclosures; and III. Measurement Date Practical Expedient. Part I and Part III are not applicable to the Trust. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurement shall be provided by general type of plan asset. The ASU is effective for fiscal years beginning after December 15, 2015 with early adoption permitted. Part II is to be applied retrospectively. The Trust has elected to adopt Part II early. Such adoption has no effect on the net assets available for benefits and changes in net assets for benefits for each of the years presented. Rather, the adoption eliminates certain disclosures relating to investments as described above.

NOTE 3 - FUNDING POLICY

A. Contributions:

The contribution rates are established by collective bargaining agreements to provide such amounts as are necessary on an actuarial basis to provide the Trust with assets sufficient to meet the benefits to be paid to the Trust participants. The contributions are designed to fund the Trust's current service costs on a current basis. The minimum funding requirements of ERISA have been met.

NOTE 3 - FUNDING POLICY – (Continued)

A. Contributions: - (Continued)

During the years ended May 31, 2016 and 2015, the Trust received contributions from employers at the following principal rates for each hour worked by participants:

	Benefit Accrual	Deficit Reduction
June 1, 2014 - May 31, 2016	$ 2.16	$ 6.80

B. Pension Protection Act of 2006:

Under the Pension Protection Act of 2006 (Act), the Trust's actuary certified that the Trust was in endangered status for the Trust Year beginning June 1, 2015, because it was less than 80% funded. This is considered the yellow zone. The Trust has been in endangered status since the initial certification year (June 1, 2008), because it was less than 80% funded but had not a projected funding deficiency within 7 years. In early 2009, the Board adopted a Funding Improvement Plan (FIP) as required under the Act. The FIP was most recently updated on December 8, 2015.

For the Trust Year beginning June 1, 2016, the Trust's actuary certified that the Trust is in endangered status and is making the scheduled progress in meeting the requirements of its FIP. It remains in the yellow zone as the Trust is less than 80% funded.

NOTE 4 - TRUST TERMINATION

The Trust Agreement and the related Trust may be terminated at any time by the Employer and the Union by an instrument in writing executed by mutual consent, subject to the provisions of the Trust Agreement. Upon the termination of the Trust, any monies remaining after the payment of all expenses and obligations of the Trust shall be paid or used for the continuance of one or more pension benefits in accordance with the provisions of the Pension Plan, until such Trust is exhausted.

Certain benefits under the Trust are covered by the insurance protection of the Pension Benefit Guaranty Corporation ("PBGC") if the Trust terminates. The PBGC does not guarantee all benefits under the Trust, and the amount of protection is subject to certain limitations. Whether participants receive the full amount of benefits to which they are entitled should the Trust terminate at some future time will depend on the sufficient of the Trust's net assets on the date of payment to provide for accumulated benefit obligations and may also depend on the financial condition of the Trust and the level of benefits guaranteed by the PBGC

NOTE 5 – INVESTMENTS

A. General:

The investment assets of the Trust are held by US Bank under the terms of a co-trustee agreement and are invested in accordance with the investment policy and program directed by the Board of Trustees and their selected investment advisor. The investment managers are selected by the Board of Trustees.

The following information, included in the Trust's financial statements as of May 31, 2016 and 2015, was prepared by the US Bank and furnished to the Administrator.

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 93,966,185	$ 93,966,185	$ 78,628,700	$ 78,628,700
U.S. Government obligations	98,498,861	97,201,303	74,939,932	74,291,446
Corporate obligations	120,116,893	119,539,756	146,915,081	143,334,046
Common stocks	293,733,139	255,224,001	302,429,258	238,964,907
Real estate	16,560,000	9,055,827	16,220,000	9,055,826
Pooled separate account	81,171,889	92,073,117	78,988,878	89,798,306
Common collective trusts	815,396,064	702,180,113	827,215,833	673,674,052
103-12 Investment entities	87,400,202	61,813,255	87,000,098	59,011,081
Notes receivable	3,320,448	3,320,448	3,320,448	3,320,448
Mutual funds	96,865,137	121,308,282	71,601,141	88,413,209
Limited partnerships	133,125,896	119,704,199	90,204,984	78,772,969
Other:				
Limited liability company	101,494,935	63,431,044	89,454,724	63,431,044
Mortgages	46,618,249	45,819,057	65,932,917	66,079,973
Hedge funds	82,605,969	75,751,908	87,194,566	75,521,846
Asset-backed security	2,080,572	2,080,572	4,897,695	4,897,695
Total investments	$ 2,072,954,439	$ 1,862,469,067	$ 2,024,944,255	$ 1,747,195,548

Included above are notes receivable due from the Laborers Funds Administrative Office of Northern California, Inc. (Corporation). The Trust advanced $480,000 to the Corporation for working capital. The note bears interest at the San Francisco Federal Reserve Bank discount rate plus 5% at May 25 each year. The prevailing discount rate at May 25, 2015 was 0.75%.

Effective July 1, 2003 the Laborers Pension Trust Fund advanced an additional $1,000,000 to the Corporation for working capital. The note bears interest at the San Francisco Federal Reserve Bank prevailing discount rate at June 15 plus 3% effective July 1 each year. The prevailing discount rate at June 15, 2015 was 0.75%.

NOTE 5 – INVESTMENTS – (Continued)

A. General: – (Continued)

In addition, the Board of Trustees and the Corporation executed a promissory note. The note was executed July 1, 2001 for $2,760,672, and it was renegotiated in July, 2003. The first principal payment was made on July 1, 2002. The remaining balance of the note for $1,840,448 will be an interest payable note only with the principal due on demand. Interest is to be paid annually based on the San Francisco Federal Reserve Bank discount rate, plus 3%. The prevailing discount rate at June 15, 2015 was 0.75%. Interest is calculated July 1 based upon the balance of the note.

B. Fair Value Measurement:

The Trust has adopted the Fair Value Measurement Topic of the Financial Accounting Standards Board Accounting Standards Codification No. 820 (ASC 820). In accordance with ASC 820, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. As amended, ASC 820 permits entities to use Net Asset Value (NAV) as a practical expedient to measure fair value when the investment does not have a readily determinable fair value and the net asset value is calculated in a manner consistent with the investment company accounting. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed 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 developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Trust's own assumptions in determining the fair value of investments)

NOTE 5 – INVESTMENTS – (Continued)

B. Fair Value Measurement: – (Continued)

The following is a summary of the inputs used as of May 31, 2016 in valuing the Trust's investments carried at fair value:

	Level 1	Level 2	Level 3	Total 2016
Cash and cash equivalents	$ 93,966,185	$ -	$ -	$ 93,966,185
U.S. Government obligations	-	98,498,861	-	98,498,861
Corporate obligations	-	120,116,893	-	120,116,893
Common stocks	293,733,139	-	-	293,733,139
Mutual Fund	96,865,137	-	-	96,865,137
Real estate	-	-	16,560,000	16,560,000
Limited partnerships:				
Gerdling Edlen Green Cities I	-	-	3,002,272	3,002,272
Gerdling Edlen Green Cities II	-	-	26,484,601	26,484,601
Gerdling Edlen Green Cities III	-	-	7,375,537	7,375,537
McMorgan Infrastructure Fund I	-	-	23,833,621	23,833,621
McMorgan No Ca Value-Add/Development Fund	-	-	27,715,954	27,715,954
Warburg Pincus Private Equity XII	-	-	676,064	676,064
Notes receivable	-	-	3,320,448	3,320,448
Other:				
Mortgages	-	46,618,249	-	46,618,249
Asset-backed security:				
PIMCO Distressed Credit Fund	-	-	2,080,572	2,080,572
Total assets in the fair value hierarchy	$ 484,564,461	$ 265,234,003	$ 111,049,069	$ 860,847,533
Investments measured at net asset value (*)				$ 1,212,106,906
Investments at fair value				$ 2,072,954,439

(*) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

NOTE 5 – INVESTMENTS – (Continued)

B. Fair Value Measurement: – (Continued)

The following is a summary of the inputs used as of May 31, 2015 in valuing the Trust's investments carried at fair value:

	Level 1	Level 2	Level 3	Total 2015
Cash and cash equivalents	$ 78,628,700	$ -	$ -	$ 78,628,700
U.S. Government obligations	-	74,939,932	-	74,939,932
Corporate obligations	-	146,915,081	-	146,915,081
Common stocks	302,429,258	-	-	302,429,258
Mutual Fund	71,601,141	-	-	71,601,141
Real estate	-	-	16,220,000	16,220,000
Limited partnerships:				
Gerdling Edlen Green Cities I	-	-	2,984,800	2,984,800
Gerdling Edlen Green Cities II	-	-	22,979,688	22,979,688
McMorgan Infrastructure Fund I	-	-	10,652,487	10,652,487
McMorgan No Ca Value-Add/Development Fund	-	-	7,354,306	7,354,306
Notes receivable	-	-	3,320,448	3,320,448
Other:				
Mortgages	-	65,932,917	-	65,932,917
Asset-backed security:				
PIMCO Distressed Credit Fund	-	-	4,897,695	4,897,695
Total	$ 452,659,099	$ 287,787,930	$ 68,409,424	$ 808,856,453
Investments measured at net asset value (*)				$ 1,216,087,802
Investments at fair value				$ 2,024,944,255

(*) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

NOTE 5 – INVESTMENTS – (Continued)

B. Fair Value Measurement: – (Continued)

Level 3 investment activity for the year ended May 31, 2016 is as follows:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)					
	Fair Value at May 31, 2015	Purchases	Sales/ Redemptions	Realized and Unrealized gains/(losses)	Transfer In/(Out) of Level 3	Fair Value at May 31, 2016
Gerding Edlen Green Cities I LP	$ 2,984,800	$ 29,740	$ -	$ (12,268)	$ -	$ 3,002,272
Gerding Edlen Green Cities II LP	22,979,688	3,788,738	(5,545,786)	$ 5,261,961	-	26,484,601
Gerding Edlen Green Cities III LP	-	7,464,798	(342,518)	253,257	-	7,375,537
McMorgan Infrastructure Fund I LP	10,652,487	13,578,066	(730,910)	333,978	-	23,833,621
McMorgan No. Ca Value-Add/Development Fund	7,354,306	21,901,784	(3,821,743)	2,281,607	-	27,715,954
Notes Receivable	3,320,448	-	-	-	-	3,320,448
PIMCO Distressed Credit Fund	4,897,695	538,166	(1,219,089)	(2,136,200)	-	2,080,572
Real Estate	16,220,000	-	-	340,000	-	16,560,000
Warburg Pincus Private Equity XII	-	747,600	(166)	(71,370)	-	676,064
	$ 68,409,424	48,048,892	(11,660,212)	6,250,965	-	111,049,069

Level 3 investment activity for the year ended May 31, 2015 is as follows:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)					
	Fair Value at May 31, 2014	Purchases	Sales/ Redemptions	Realized and Unrealized gains/(losses)	Transfer In/(Out) of Level 3	Fair Value at May 31, 2015
Gerding Edlen Green Cities I LP	$ 17,870,023	$ 1,574,366	$ (17,530,803)	$ 1,071,214	$ -	$ 2,984,800
Gerding Edlen Green Cities II LP	14,051,312	8,671,423	(2,563,782)	2,820,735	-	22,979,688
McMorgan Infrastructure Fund I LP	-	10,672,410	(70,904)	50,981	-	10,652,487
McMorgan No. Ca Value-Add/Development Fund	-	8,039,904	-	(685,598)	-	7,354,306
Notes Receivable	3,320,448	-	-	-	-	3,320,448
PIMCO Distressed Credit Fund	17,393,541	2,290,408	(14,588,520)	(197,734)	-	4,897,695
Real Estate	15,320,000	-	-	900,000	-	16,220,000
	$ 67,955,324	31,248,511	(34,754,009)	3,959,598	-	68,409,424

NOTE 5 – INVESTMENTS – (Continued)

B. Fair Value Measurement: – (Continued)

The following table summarizes the valuation methods and inputs used to determine the fair value at May 31, 2016 for assets and liabilities measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs).

	May 31, 2016				
	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range Low and High	Weighted Average Low and High
Gerding Edlen Green Cities I LP	$ 3,002,272	Direct Capitalization	Applied Cap Rate	4% - 4.5%	n/a
Gerding Edlen Green Cities II LP	26,484,601	Direct Capitalization	Applied Cap Rate	4.50%-6.00%	n/a
		Market Comparables	$/PSF	$314-$318	n/a
Gerding Edlen Green Cities III LP	7,375,537	Direct Capitalization	Applied Cap Rate	6.25%	n/a
		Sales Comparison	$/PSF	$44-$48	n/a
McMorgan No. CA Value Add	27,715,954	Discounted Cash Flow	Discount Rate	9.25%	9.25%
			Capitalization Rate	6.75%	6.75%
			Revenue Growth Rate	3.00%	3.00%
		Discounted Cash Flow	Discount Rate	10.00%	10.00%
			Capitalization Rate	8.00%	8.00%
			Revenue Growth Rate	3.00%	3.00%
		Discounted Cash Flow	Discount Rate	7.00% - 7.45%	7.16%
			Capitalization Rate	6.00% - 7.00%	6.36%
			Revenue Growth Rate	3.00%	3.00%
		Sales Comparison	Price per Square Foot	$10.11	$10.11
McMorgan Infrastructure Fund I	23,833,621	Discounted Cash Flow	Discount Rate	9.20% - 11.20%	n/a
Notes Receivable	3,320,448	Discounted Cash Flow	Discount Rate	3.00% - 5.00%	n/a
PIMCO Distressed Credit Fund	2,080,572	Discounted Cash Flow	Discount Rate	14.10%	n/a
		Market Approach	EBITDA Multiple	6.75X	n/a
Warburg Pincus Private Equity XII	676,064	**	**	**	**
Real Estate	16,560,000	Market Value Approach	No efficient pricing market	n/a	n/a

**This investment entity holds underlying investment funds, each of which have their own valuation technique as well as significant unobservable inputs, range and weighted average

NOTE 5 – INVESTMENTS – (Continued)

B. Fair Value Measurement: – (Continued)

The following table summarizes the valuation methods and inputs used to determine the fair value at May 31, 2015 for assets and liabilities measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs).

		May 31, 2015				
		Fair Value	Valuation Technique	Significant Unobservable Inputs	Range Low and High	Weighted Average Low and High
Gerding Edlen Green Cities I LP	$	2,984,800	Direct Capitalization	Applied Cap Rate	4.00%	n/a
			Market Comparables	n/a	n/a	n/a
Gerding Edlen Green Cities II LP		22,979,688	Discounted Cash Flow	Discount Rate	8.25%	n/a
			Discounted Cash Flow	Terminal Cap Rate	7.00%	n/a
			Direct Capitalization	Applied Cap Rate	4.50%-6.00%	n/a
			Sales Comparison	$/Unit	$145,070-$178,856	n/a
				$/PSF	$33-$242	n/a
			Cost Approach	Premium on Construction Costs	20.00%	n/a
McMorgan Infrastructure Fund I		10,652,487	**	**	**	**
McMorgan No. CA Value Add/ Development Fund I LP		7,354,306	Discounted Cash Flow	Discount Rate	9.25% - 12.00%	10.40%
			Discounted Cash Flow	Capitalization Rate	6.50% - 7.00%	6.79%
					7.75%	n/a
			Discounted Cash Flow	Revenue Growth Rate	3.00%	n/a
					3.83%	n/a
			Sales Comparison	Price per Square Foot	$7.63	n/a
					$10.00	n/a
Notes Receivable		3,320,448	Discounted Cash Flow	Discount Rate	3.00% - 5.00%	n/a
PIMCO Distressed Credit Fund		4,897,695	Discounted Cash Flow	Discount Rate	11.10% - 40.00%	n/a
			Third Party Vendor	Broker Quote	$82.50	n/a
Real Estate		16,220,000	Market Value Approach	No efficient pricing market	n/a	n/a

**This investment entity holds underlying investment funds, each of which have their own valuation technique as well as significant unobservable inputs, range and weighted average

NOTE 5 – INVESTMENTS – (Continued)

B. Fair Value Measurement: – (Continued)

The Trust holds shares or interests in investment companies at year end whereby the fair value of the investment is estimated based on the net asset value per share (or its equivalent) of the investment company.

At May 31, 2016, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	May 31, 2016			
	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
American Strategic Value Fund	$ 33,280,907	-	Quarterly	30 days
BPIF Non Taxable LP	42,751,908	-	Semi-Annually	95 days
Dfa US Small Cap Value Trust	58,788,604	-	Daily	5 days
Entrust Capital Diversified Fund	39,854,060	-	Quarterly	90 days
Goldman Sachs Private Equity X	15,065,752	$ 1,833,951	n/a	n/a
GSO European Senior Debt Feeder Fund LP	1,205,166	$ 18,997,355	n/a	n/a
Harbourvest 2015 Global Fund LP	2,300,128	$ 17,700,000	Upon Request	Upon Request
Harbourvest Ptnr IX Clay Cr Opp LP	7,305,986	$ 6,675,000	Upon Request	Upon Request
Landmark Equity Partners XIV	7,251,646	$ 1,137,167	Upon Sale/Transfer	n/a
Madison Core Property Fund LLC	101,494,936	-	Quarterly	90 days
MSCI EAFE Index SL	313,074,364	-	Bi-Monthly	n/a
MSCI Emerging Mkts Index SL	68,598,947	-	Bi-Monthly	n/a
Ullico Separate Account J	81,171,889	-	Monthly	90 days
SSGA S&P 500 Flagship Fund	273,091,108	-	Daily	Daily
SSGA US Tips Index NI (Cmtp)	57,327,663	-	Daily	Daily
Voya Senior Loan Collective Tr Fd	103,303,982	-	Monthly	n/a
Harbourvest Hipep VI Cayman Fund	6,239,860	€ 1,560,000	Upon Request	Upon Request
Total	$ 1,212,106,906			

NOTE 5 – INVESTMENTS – (Continued)

B. Fair Value Measurement: – (Continued)

At May 31, 2015, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	May 31, 2015			
	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
American Strategic Value Fund	$ 36,947,315	-	Quarterly	30 days
BPIF Non Taxable LP	42,521,846	-	Semi-Annually	95 days
Dfa US Small Cap Value Trust	61,266,926	-	Daily	5 days
Entrust Capital Diversified Fund	44,672,720	-	Quarterly	90 days
Goldman Sachs Private Equity X	16,052,258	$ 2,939,236	n/a	n/a
Harbourvest Ptnr IX Clay Cr Opp LP	4,411,894	$ 10,350,000	Upon Request	Upon Request
Landmark Equity Partners XIV	9,286,388	$ 1,534,961	Upon Sale/Transfer	n/a
Madison Core Property Fund LLC	89,454,724	-	Quarterly	90 days
MSCI EAFE Index SL	335,693,202	-	Bi-Monthly	n/a
MSCI Emerging Mkts Index SL	83,387,415	-	Bi-Monthly	n/a
Ullico Separate Account J	78,988,878	-	Monthly	90 days
SSGA S&P 500 Flagship Fund	268,205,493	-	Daily	Daily
SSGA US Tips Index NI (Cmtp)	56,631,763	-	Daily	Daily
Voya Senior Loan Collective Tr Fd	83,297,960	-	Monthly	n/a
Harbourvest Hipep VI Cayman Fund	5,269,020	€ 2,535,000	Upon Request	Upon Request
Total	$ 1,216,087,802			

The American Strategic Value Realty Fund, L.P. has been organized to allow Taft-Hartley pension funds, governmental retirement plans, corporate pension plans and qualified trusts forming part of a pension or profit-sharing plan, endowments, charitable foundations and other taxable and tax-exempt organizations to pool their assets to make investments primarily in value-added real estate opportunities. Investments will be made solely in the United States in specific product types including but not limited to multi-family, industrial, retail, office, hotel and other properties.

BPIF Capital seeks to be a broadly diversified commingled fund that produces attractive long-term, risk adjusted returns.

NOTE 5 – INVESTMENTS – (Continued)

B. Fair Value Measurement: – (Continued)

Entrust Capital seeks to achieve above-average rates of return and long-term capital growth through investment in or with a diversified portfolio of private investment entities and/or separately managed accounts managed by portfolio managers selected by Entrust Partners Offshore LP.

Landmark Equity Partners XIV was formed to acquire a diversified portfolio of interests in (i) established venture capital funds, buy-out funds, mezzanine funds and other pooled investment vehicles which primarily invest in equity oriented investments and (ii) direct private equity and equity related investments (generally referred to as "limited partnerships"), primarily through secondary market purchases ("secondary investments"), with a maximum amount of 10% of capital commitments allocated to primary transactions ("primary transactions").

Madison Core Property Fund LLC's principal objective are the preservation of capital of the Members, production of current income, appreciation of the Company's assets, and the diversification of risk.

Harbourvest 2015 Global Fund LP objective was formed with the purpose of making investments in limited partnerships or other pooled investment vehicles, which, in turn, make private equity investments.

GSO European Senior Debt Feeder Fund LP's principal investment objective is primarily to make privately negotiated secured loans investments. The Master Fund's strategy focuses primarily on providing private secured loans to large and mid-cap companies in Europe. Investments may include but are not limited to, senior and unitranche loans.

NOTE 6 - ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Trust's provisions to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to: (a) retired or terminated participants or their beneficiaries, (b) beneficiaries or participants who have died, and (c) active participants or their beneficiaries.

The actuarial present value of accumulated benefits is determined by the Trust's actuary, and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of reductions such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

NOTE 6 - ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS – (Continued)

The significant actuarial assumptions used in the valuation performed by the actuary at June 1, 2015 the most recent valuation, were (a) life expectancy of participants (RP-2014 Healthy Blue Collar Annuitant Tables); (b) retirement age assumptions (the assumed average retirement age was 57.6) and (c) investment return (assumed at 7.50% per annum). The foregoing actuarial assumptions were based on the presumption that the Trust will continue. Were the Trust to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The actuarial present value of accumulated plan benefits, as developed by the Trust's actuary at June 1, 2015 for the year then ended, follows:

STATEMENT OF ACCUMULATED PLAN BENEFITS
(as of June 1, 2015)

	2015
Vested benefits:	
Pensioners and beneficiaries	$ 1,636,675,840
Other vested benefits	1,046,203,800
	2,682,879,640
Nonvested benefits	186,222,690
	$ 2,869,102,330

STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS
(as of June 1, 2015)

Actuarial present value of accumulated plan benefits, as of beginning of year	$ 2,783,922,378
Increase/(decrease) during year due to:	
Interest and other factors	202,471,188
Benefits accumulated	51,321,849
Benefits paid	(168,613,085)
Net increase	85,179,952
Acturarial present value of accumulated plan benefits, as of year end	$ 2,869,102,330

NOTE 7 – AGREEMENTS AND TRANSACTIONS WITH PERSONS KNOWN TO BE PARTIES-IN-INTEREST

The Trust entered into an agreement with the Laborers Funds Administration Office of Northern California, Inc. to have it act in the capacity of an administrative office on behalf of the Trust, and to provide general services. The two trusts are related due to the fact that they share the same Board of Trustees. For the years ended May 31, 2016 and 2015, $3,002,477 and $3,065,515, respectively, was paid to the Laborers Funds Administrative Office of Northern California for administrative services. At May 31, 2016 and 2015, $578,515 and $523,153, respectively, was due to the Laborers Funds Administrative Office of Northern California, Inc. and $14,591,958 and $1,734,869 respectively, was due from the Laborers Administrative office of Northern California, Inc. At May 31, 2015, $36,429 was due to Laborers Annuity Plan for Northern California for expenses inadvertently paid for on behalf of Pension.

The Administrative Office occupies a building constructed and owned by the Laborers Pension Trust Fund for Northern California. The monthly rental rates were as follows:

June 2014 - April 2015	$ 43,197
May 2015 - April 2016	44,249
May 2016 - May 2016	45,442

The Laborers Training and Retraining Trust Fund entered into a general lease agreement in 1975 with the Laborers Pension Trust Fund for Northern California for property located in San Ramon, California. The monthly rental rate for the ground lease at May 31, 2016 and 2015 was $5,096. The monthly rental rate for the lease on the education building at May 31, 2016 and 2015 was $41,322 and $39,733, respectively.

NOTE 8 – SECURITIES LENDING WITH OFF-BALANCE-SHEET RISK

Off-balance-sheet risk refers to the possibility that a loss, in an amount exceeding amounts recognized as assets or liabilities in the financial statements, may occur in the future. Such a loss may arise due to: 1) the failure of another party to perform according to the terms of a contract (credit risk), or 2) future changes in market prices which make a financial instrument less valuable (market risk). The Trust is party to financial instruments with off-balance-sheet risk, including obligations arising from financial instruments, which have been loaned to other customers of the Plan's custodial bank.

NOTE 8 – SECURITIES LENDING WITH OFF-BALANCE-SHEET RISK - (Continued)

The Trustees of the Trust have entered into an agreement with US Bank which authorizes the bank to lend securities held in the Trust's accounts to third parties. The bank must obtain collateral from the borrower in the form of cash, letters of credit issued by an entity other than the borrower, or acceptable securities. Both the collateral and securities loaned are marked-to-market on a daily basis so that all loaned securities are fully collateralized at all times. In the event that the loaned securities are not returned by the borrower, the bank will, at its own expense, either replace the loaned securities or, if unable to purchase those securities on the open market, will credit the Plan's accounts with cash equal to the fair value of the loaned securities.

Although the Trust's securities lending activities are collateralized as described above, and although the terms of the securities lending agreement with US Bank and Union Bank require the bank to comply with government rules and regulations related to the lending of securities held by ERISA plans, the securities lending program involves both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize their loan upon a sudden material change in the fair value of the loaned securities or the collateral, or that the bank's investment of cash collateral received from the borrowers of the Trust's securities may be subject to unfavorable market fluctuations. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

NOTE 9 –EMPLOYER WITHDRAWAL LIABILITY

The Multi-Employer Pension Plan Amendments Act of 1980, as amended by the Deficit Reduction Act of 1984 imposes a liability on employers that withdraw from the Trust. The amount due to the Trust from a withdrawn employer is based on the history of contributions to the Trust and the related unfunded vested benefits.

As of year-end, the Trust is in withdrawal liability status. There have been employers that have withdrawn from this Trust during the withdrawal liability period. They are now required to contribute to the Trust to reduce their withdrawal liability. The present value for future stream of payments from those employers at May 31, 2016 and 2015 was $184,809 and $191,837 respectively. Due to the uncertainty of the going concern of the employers over an extended period of time, complete payment and timing of payment, this receivable has been fully reserved.

NOTE 10 – RISKS AND UNCERTAINTIES

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the statements of net assets available for benefits.

NOTE 11 - COMMITMENTS

In the course of investing, the Trust has committed assets to invest with new managers. Below is a list of the total commitments as well as how much the investment managers have drawn down on those commitment as of years ended May 31, 2016 and 2015 respectively:

	May 31, 2016		
Investment Manager	Total Commitment	Drawn to Date	Remaining Commitment
Gerding Edlen Green Cities I, L.P.	$ 15,000,000	$ 14,894,622	$ 105,378
Gerding Edlen Green Cities II, L.P.	25,000,000	24,612,066	1,650,002
Gerding Edlen Green Cities III, L.P.	25,000,000	7,330,050	17,669,950
Goldman Sachs Private Equity X	20,000,000	20,449,532	1,833,951
GSO European Senior Debt Feeder Fund, LP	20,000,000	1,002,645	18,997,355
HarbourVest 2015 Global Fund, LP	20,000,000	2,300,000	17,700,000
HarbourVest Credit Opportunities IX	15,000,000	8,325,000	6,675,000
Landmark Partners, Private Equity	15,000,000	13,862,833	1,137,167
McMorgan Infrastructure I, LP	64,000,000	23,011,637	40,988,363
McMorgan No. CA Value-Add/Development	35,000,000	26,954,797	8,045,203
Warburg Pincus Private Equity XII	16,800,000	747,600	16,052,400
HarbourVest HIPEP VI - Cayman Fund	€ 6,500,000	€ 4,940,000	€ 1,560,000

	May 31, 2015		
Investment Manager	Total Commitment	Drawn to Date	Remaining Commitment
Gerding Edlen Green Cities I, L.P.	$ 15,000,000	$ 14,894,622	$ 105,378
Gerding Edlen Green Cities II, L.P.	25,000,000	19,151,991	5,848,009
Goldman Sachs Private Equity X	20,000,000	19,004,278	2,939,236
HarbourVest Credit Opportunities IX	15,000,000	4,650,000	10,350,000
Landmark Partners, Private Equity	15,000,000	13,465,039	1,534,961
McMorgan Infrastructure Fund I, L.P.	64,000,000	10,603,279	53,396,721
McMorgan No. CA Value-Add/Development	35,000,000	8,039,904	26,960,096
HarbourVest HIPEP VI - Cayman Fund	€ 6,500,000	€ 3,965,000	€ 2,535,000

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date on which the financial statements were available to be issued. This date is approximately the same as the independent auditor's report date. Management has concluded that no material subsequent events have occurred since May 31, 2016 that required recognition or disclosure in the financial statements.