Teamsters Pension Trust Fund of Philadelphia and Vicinity

Financial Statements

For the Years Ended December 31, 2015 and 2014

BOND BEEBE
ACCOUNTANTS & ADVISORS

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BOND BEEBE
ACCOUNTANTS & ADVISORS

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
Teamsters Pension Trust Fund of Philadelphia
and Vicinity
6981 North Park Drive, Suite 400
Pennsauken, NJ 08109

Report on the Financial Statements

We have audited the accompanying financial statements of Teamsters Pension Trust Fund of Philadelphia and Vicinity (the Fund), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014 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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

REPORT OF INDEPENDENT AUDITORS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Teamsters Pension Trust Fund of Philadelphia and Vicinity's net assets available for benefits as of December 31, 2015, and the changes therein for the year then ended, and its financial status as of December 31, 2014, and the changes therein for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Bond Beebe

A Professional Corporation
Bethesda, MD
July 18, 2016

TEAMSTERS PENSION TRUST FUND OF PHILADELPHIA AND VICINITY
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Investments - at fair value		
Corporate and other bonds	$ 58,173,217	$ 50,540,402
Corporate stocks	415,700,100	559,758,979
Money market funds	22,828,208	21,443,741
Mutual funds	648,236,545	545,275,015
Real estate and real estate equity funds	54,035,814	60,961,649
U.S. government and agency securities	51,910,763	55,701,052
Other investments	254,449,868	266,639,857
Total investments held	1,505,334,515	1,560,320,695
Investments on loan under securities lending agreement		
Corporate stocks	2,916,439	6,639,394
Corporate bonds	551,654	-
Total investments on loan under securities lending agreement	3,468,093	6,639,394
Total investments - at fair value	1,508,802,608	1,566,960,089
Securities lending collateral received as cash and invested	3,560,773	6,825,657
Receivables		
Employers contributions	10,726,573	10,308,389
Participants contributions	44,678	44,199
Interest and dividends	1,416,353	1,943,176
Due from broker for investments sold	25,748,196	6,245,368
	37,935,800	18,541,132
Cash and cash equivalents	19,071,243	17,378,285
Other assets	127,233	96,068
TOTAL ASSETS	1,569,497,657	1,609,801,231
LIABILITIES		
Accounts payable and accrued expenses	3,116,298	2,482,180
Due to broker for investments purchased	11,221,374	14,902,892
Obligation to refund collateral received as cash	3,560,773	6,825,657
TOTAL LIABILITIES	17,898,445	24,210,729
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,551,599,212	$ 1,585,590,502

TEAMSTERS PENSION TRUST FUND OF PHILADELPHIA AND VICINITY
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
ADDITIONS		
Investment income		
Net appreciation (depreciation) in fair value of investments	$ (22,425,786)	$ 73,274,126
Interest and dividends	28,213,455	27,958,801
Securities lending income	77,515	103,232
	5,865,184	101,336,159
Investment expenses	(7,381,382)	(5,807,840)
	(1,516,198)	95,528,319
Contributions		
Employers	101,314,413	94,964,284
Participants	647,212	648,747
Withdrawal liability	51,780,776	12,734,381
	153,742,401	108,347,412
TOTAL ADDITIONS	152,226,203	203,875,731
DEDUCTIONS		
Benefits paid	182,238,110	178,706,444
Administrative expenses	3,979,383	3,500,283
TOTAL DEDUCTIONS	186,217,493	182,206,727
NET INCREASE (DECREASE)	(33,991,290)	21,669,004
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	1,585,590,502	1,563,921,498
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 1,551,599,212	$ 1,585,590,502

NOTE 1: PLAN DESCRIPTION AND FUNDING

The Teamsters Pension Trust Fund of Philadelphia and Vicinity (the Fund) is a multiemployer defined benefit pension plan covering all eligible employees working for employers who have a collective bargaining agreement with a local union which is party to the Fund and, further, the employers have agreed to make contributions to the Fund on the employees' behalf. The Fund provides normal and early retirement benefits and spousal and disability benefits if an employee terminates after meeting certain service requirements. In the event of termination of the Fund, the funds shall be allocated in accordance with priorities established by the Pension Benefit Guaranty Corporation (PBGC).

Information about the Fund, including funding policy, vesting and benefit provisions and the PBGC's benefit guarantee is contained in the Summary Plan Description. Copies are available from the Plan Administrator.

On March 31, 2015 and April 24, 2014, the Fund's actuary certified that for the Fund's years beginning January 1, 2015 and January 1, 2014, respectively, the Fund was in endangered status (yellow zone) under the Pension Protection Act of 2006. Fund management has adopted a funding improvement plan pursuant to IRC section 432(c).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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 which affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the determination of the actuarial present value of accumulated plan benefits at the date of the financial statements and changes therein during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Demand deposits and highly liquid investments with a maturity of three months or less when acquired, are considered cash equivalents.

Investment Valuation and Income Recognition

Investments are presented at fair value, as follows:

- Corporate stocks, certain mutual funds, certain U.S. government and agency securities and certain other investments are valued based on quoted market prices.
- Certain U.S. government and agency securities, investments of securities lending collateral and corporate and other bonds are valued using quoted prices of like assets, corroborated market data, indices and/or yield curves.
- Cash equivalents and money market funds are valued at cost, which approximates fair value.
- Real estate is valued at fair value based on an independent appraisal.
- Real estate equity funds, certain mutual funds and certain other investments (including common collective trusts, hedge funds, fund of funds and other alternative investments) that are not publicly traded are valued based on the net asset value of the underlying investments of the fund or trust.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methods could result in a different fair value measurement at the reporting date. The changes in the difference between the fair value and the cost of investments and the realized gain (loss) on sale of investments are reflected in the statements of changes in net assets available for benefits as net appreciation (depreciation) in fair value of investments. Investment transactions are recognized as of the trade date and the cost of investments sold is determined on a weighted average basis. Interest income is recorded on the accrual basis and dividend income is recognized as of the ex-dividend date.

Contributions from Employers

These amounts are based upon remittance reports filed by the employers. Contributions receivable at year end are substantially determined from employer remittance reports received subsequent to year end, but which cover hours worked during the respective years.

The Trustees have established a policy requiring audits of the payroll records of covered employers who are selected by random sampling and judgmental methods. These audits are conducted on covered employers' payroll records based upon reports filed with the Fund for the calendar year prior to the audit date. These audits are in addition to the Fund's normal verification procedures applied to contributions reports filed for the current year. Contributions related to payroll audit findings are recorded when received.

Effective January 31, 2014, the Fund reached an agreement with several delinquent employers on a payment agreement to recover delinquent contributions of $1,578,368. These delinquent contributions will accrue interest at 7.75% and will be paid on December 31, 2019.

Management believes all contributions receivable are collectible and no allowance for uncollectible accounts has been provided.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments that are attributable to covered services accrued by a participant to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or vested terminated employees (members) or their beneficiaries, and (b) present members or vested beneficiaries. Benefits for retired or vested terminated employees or their beneficiaries are based on plan provisions in effect at the date of termination and reflect employees' years of credited service. The accumulated plan benefits for active employees reflect current plan provisions and years of credited service prior to the valuation date. For benefit accrual purposes, after January 1, 1976, members receive a full year's credit if they are credited with at least 1,800 hours of covered service and a prorated credit if they are credited with at least 750 hours but less than 1,800 hours of service. They receive no credit for less than 750 hours of service. Benefits payable under all circumstances - retirement, death, disability and termination - are included to the extent they are deemed attributable to member-covered service rendered to the valuation date.

Employers' Withdrawal Liability

The Fund complies with provisions of the Multiemployer Pension Plan Amendments Act of 1980 that require imposition of "Withdrawal Liability" on a contributing employer that partially or totally withdraws from the Fund. The Trustees adopted the presumptive method set forth in ERISA Section 4211(b), to allocate potential employers' liabilities. Due to historical collections of withdrawal liability and determination of when the Fund is entitled to the monies, revenue from withdrawal liability is recorded when payments are received.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

In July 2014, an assessment for partial withdrawal liability was made against a contributing employer of the Fund. A timely request for review of this assessment was made by the employer, which would subject the final amount of the assessment to change. In March 2015, the employer agreed to the payment of a lump sum of $43.3 million which represented a settlement of the employer's share of the Fund's unfunded vested benefits liability. The Fund received payment on May 21, 2015. The Fund also received withdrawal liability payments from other contributing employers.

Recognition of Benefits

Benefits are recognized when paid.

Subsequent Events

In preparing these financial statements, management of the Fund has evaluated events and transactions that occurred after December 31, 2015 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through July 18, 2016, the date that the financial statements were available to be issued.

NOTE 3: ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

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

As of December 31, 2014, the actuarial present value of accumulated plan benefits is as follows:

Actuarial present value of accumulated plan benefits	
Vested benefits	
Participants currently receiving payments	$ 1,445,582,680
Other participants	760,510,455
	2,206,093,135
Nonvested benefits	109,966,164
Total actuarial present value of accumulated plan benefits - December 31, 2014	$ 2,316,059,299

The change in the actuarial present value of accumulated plan benefits for the year ended December 31, 2014 is as follows:

Actuarial present value of accumulated plan benefits at January 1, 2014	$ 2,296,717,634
Increase (decrease) attributable to	
Benefits paid	(178,706,444)
Interest	165,552,331
Actuarial experience and accumulation of benefits	32,495,778
	19,341,665
Actuarial present value of accumulated plan benefits - December 31, 2014	$ 2,316,059,299

NOTE 3: ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS - continued

The significant assumptions underlying the actuarial computations are as follows:

- Actuarial cost method - The Unit Credit Actuarial Cost Method was used to determine the actuarial present value of accumulated plan benefits (both vested and nonvested).
- Investment return - 7.5% (net of investment-related administrative expenses).
- Administrative expenses - Assumed equal to the average of the last two years of actual expenses (rounded to nearest $100,000).
- Salary increases - None
- Mortality rates:
  - Non-disabled participants - RP-2000 annual mortality with blue collar adjustments projected to 2015 using Scale BB with ages set forward four years (separate tables for males and females).
  - Disabled participants - RP-2000 disabled mortality projected to 2015 using Scale BB (separate tables for males and females).
- Termination rates:

  Rates of termination (for reasons other than death, disability, or retirement) were assumed to vary among three groups: (1) UPS, (2) other multiplier members, and (3) non-multiplier members. Within each group, rates were assumed to vary according to length of service. Sample termination rates are shown below:

Years of service	UPS	Multiplier	Non-Multiplier
0 – 1	28.0 %	40.0 %	65.0 %
1 – 2	7.0 %	19.0 %	19.0 %
2 – 3	7.0 %	17.0 %	15.0 %
3 – 4	7.0 %	11.0 %	9.0 %
4 – 5	4.0 %	11.0 %	9.0 %
5 – 7	4.0 %	10.0 %	9.0 %
7 – 10	3.0 %	10.0 %	9.0 %
10 or more	1.0 %	6.0 %	28.0 %

- Retirement rates - The rate of retirement for active members eligible to retire was assumed to vary by age and service. For members who are either 65 years of age and have accrued 5 years or more of vesting service or 55 years of age and have accrued 25 years or more of benefit service, the retirement rates are as follows:

Age	Rate of Retirement
55 - 60	12 %
61	25 %
62	35 %
63 - 64	25 %
65	35 %
66 - 69	30 %
70 and older	100 %

NOTE 3: ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS - continued

For all other members, the retirement rates are as follows:

Age	Rate of Retirement
50 - 54	4 %
55 - 60	6 %
61	15 %
62 - 64	25 %

- Marital status - Probability of marriage from Social Security projections used. A spouse is assumed to be three years younger for a male participant and three years older for a female participant.

The actuarial assumptions are based on the presumption that the Fund will continue. Were the Fund to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. The computations of the actuarial present value of accumulated plan benefits were made as of January 1, 2015. Had the valuation been performed as of December 31, 2014, there would be no material difference.

NOTE 4: TAX STATUS

The Fund obtained its latest determination letter dated May 31, 2016, in which the Internal Revenue Service stated that the Fund as then designed, is qualified under Section 401(a) of the Internal Revenue Code(IRC) and, therefore, the related trust is exempt from taxation. Once qualified, the Fund is required to operate in conformity with the IRC to maintain its qualification. Management believes the Fund is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Fund was qualified and the related trust was exempt from income tax, as of the financial statement date.. However, the Fund is subject to income tax on unrelated business income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Fund, and has concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken that would require recognition in the financial statements. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods.

NOTE 5: INVESTMENTS

During 2015 and 2014, the Fund's investments, including investments bought and sold as well as held during the year, appreciated (depreciated) in value as follows:

	2015	2014
Investments at fair value as determined by quoted market prices		
Corporate stocks	$ (3,453,127)	$ 26,224,367
Mutual funds	(22,247,234)	31,517,902
U.S. government and agency securities	(561,511)	2,020,174
Investments at estimated fair value		
Corporate and other bonds	(2,156,281)	103,212
Real estate and real estate equity funds	3,884,592	5,116,191
Other investments	2,218,016	7,393,794
U.S. government and agency securities	(110,241)	898,486
	$ (22,425,786)	$ 73,274,126

NOTE 5: INVESTMENTS - continued

The fair values of individual investments that represent 5% or more of the Fund's net assets available for benefits are as follows:

	2015	2014
SEI Large Capital Disciplined Equity Fund	$ 277,181,941	$ 299,764,117
SEI Core Fixed Income Fund	$ 97,887,180	N/A
Sprucegrove Group Trust International Equity Fund	$ 79,303,302	$ 86,911,776

The Fund invests in mutual funds managed by SEI and Sprucegrove, two of the Fund's investment custodians. Transactions in such investments qualify as party-in-interest transactions that are exempt from prohibited transaction rules.

NOTE 6: FAIR VALUE MEASUREMENT

Accounting principles generally accepted in the United States of America define fair value as 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, establish a fair value reporting hierarchy and define three broad levels of inputs (the assumptions that market participants would use in pricing the asset or liability):

Level 1

Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.For the year ended December 31, 2015, there were no transfers in or out of Levels 1, 2 or 3.

A detailed description of the valuation methodology is included in Note 2 and the methodology was not changed during the year ended December 31, 2015.

NOTE 6: FAIR VALUE MEASUREMENT - continued

As of December 31, 2015 and 2014, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

2015	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents	$ -	$ 1,751,532	$ -	$ 1,751,532
Corporate and other bonds	-	58,724,871	-	58,724,871
Corporate stocks	418,616,539	-	-	418,616,539
Money market funds	-	22,828,208	-	22,828,208
Mutual funds	568,933,243	79,303,302	-	648,236,545
Real estate and real estate equity funds	-	-	54,035,814	54,035,814
U.S. government and agency securities	18,163,828	33,746,935	-	51,910,763
Other investments	-	66,901,365	187,548,503	254,449,868
Security lending collateral received as cash and invested				
Federated Prime Value Obligations Fund	-	3,560,773	-	3,560,773
	$ 1,005,713,610	$ 266,816,986	$ 241,584,317	$ 1,514,114,913

2014	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents	$ -	$ 1,217,223	$ -	$ 1,217,223
Corporate and other bonds	-	50,540,402	-	50,540,402
Corporate stocks	566,398,373	-	-	566,398,373
Money market funds	-	21,443,741	-	21,443,741
Mutual funds	458,363,239	86,911,776	-	545,275,015
Real estate and real estate equity funds	-	-	60,961,649	60,961,649
U.S. government and agency securities	30,634,358	25,066,694	-	55,701,052
Other investments	-	72,957,060	193,682,797	266,639,857
Security lending collateral received as cash and invested				
Federated Prime Value Obligations Fund	-	6,825,657	-	6,825,657
	$ 1,055,395,970	$ 264,962,553	$ 254,644,446	$ 1,575,002,969

The following table represents a reconciliation for the years ended December 31, 2015 and 2014 for assets measured at fair value on a recurring basis using Level 3 inputs:

	Real Estate and Real Estate Equity Funds	Other Investments	U.S. Government and Agency Securities	Total
Balance at December 31, 2013	$ 59,879,876	$ 193,735,749	$ 1,404,480	$ 255,020,105
Total gains or losses				
Unrealized gains (losses)	8,282,000	29,399,798	-	37,681,798
Realized gains (losses)	(3,165,809)	-	-	(3,165,809)
Purchases	5,765,518	5,000,000	-	10,765,518
Sales	(9,799,936)	(34,452,750)	(1,404,480)	(45,657,166)
Balance at December 31, 2014	60,961,649	193,682,797	-	254,644,446
Total gains or losses				
Unrealized gains (losses)	3,046,952	(2,970,836)	-	76,116
Realized gains (losses)	837,640	(2,971,594)	-	(2,133,954)
Purchases	982,094	25,627,839	-	26,609,933
Sales	(11,792,521)	(25,819,703)	-	(37,612,224)
Balance at December 31, 2015	$ 54,035,814	$ 187,548,503	$ -	$ 241,584,317

NOTE 6: FAIR VALUE MEASUREMENT - continued

Investment policies, guidelines and procedures have been established by the Trustees of the Fund and may be modified or amended only at the direction of the Trustees. In establishing and determining the reasonableness of investment valuations, the Fund enlists the assistance of independent appraisers, fiduciaries and investment managers who review the performance of investments to ensure adherence to those policies, guidelines and procedures.

Investments are monitored by management, as assisted by the Fund's independent fiduciary, to review pricing models and methodologies, to analyze changes in fair value from period to period, to report valuations and changes in valuations to the Trustees and to verify compliance with the presentation of investments in accordance with generally accepted accounting principles.

The following is a description of the valuation techniques used for investments reflected in fair value hierarchy level 3:

Real Estate and Real Estate Equity Funds

Equity real estate investments represent investments in joint ventures and limited partnerships and are stated at the fair value of the Fund's ownership interests in the underlying entities. The Fund's ownership interests are valued by a) discounting projected cash flows distributable to the Fund and b) determining the fair value of the underlying real estate. The valuations consider other factors such as ownership percentage, ownership rights, buy/sell agreements, distribution provisions and capital call obligations.

The values of the underlying real estate properties have been prepared giving consideration, where applicable, to the income, cost and sales comparison approaches of estimating property value. The income approach estimates an income stream for a property (typically 10 years) and discounts this income plus a reversion (presumed sale) into a present value at a risk adjusted rate. Yield rates and growth assumptions utilized in this approach are derived from market transactions as well as other financial and industry data. The sales comparison approach compares recent transactions to the appraised property. Adjustments are made for dissimilarities which typically provide a range of value. Generally, the income approach carries the most weight in the value reconciliation. The underlying liabilities are valued either a) at par or b) by discounting the future contractual cash flows to the present value using a current market interest rate.

Upon the disposition of all real estate investments by an investee entity, the Fund will continue to state its equity in the remaining net assets of the investee entity during the wind down period, if any, that occurs prior to the dissolution of the investee entity. The Fund's real estate equity investments are generally classified within level 3 of the valuation hierarchy.

The following table represents the Fund's level 3 real estate and real estate equity funds that are valued using unobservable inputs, the valuation techniques used to measure the fair value of these investments, and the significant unobservable inputs and the ranges of values for those inputs.

Real Estate and Real Estate Equity Funds - Level 3 Unobservable Inputs (as of December 31, 2015)

Real estate and real estate equity funds	Valuation Technique	Unobservable Inputs	Range
Core Real Estate	Income approach - sales comparison approach	Capitalization rate	4.25% - 6.25%
Core Real Estate	Non recurring cap ex	Capitalization rate	1% - 6%
Core Real Estate	Income approach - direct capitalization and sales comparison approach	Capitalization rate	5.25% - 5.5%

NOTE 6: FAIR VALUE MEASUREMENT - continued

Real Estate and Real Estate Equity Funds - Level 3 Unobservable Inputs (as of December 31, 2014)

Real estate and real estate equity funds	Valuation Technique	Unobservable Inputs	Range
Core Real Estate	Income approach	Capitalization rate	4.25% - 6%
Core Real Estate	Income approach - direct capitalization and sales comparison approach	Capitalization rate	5.25%

The fair values as of December 31, 2015 and 2014 of the following investments have been determined using the net asset value per unit of the investment:

	2015		2014		
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments	Investment Classification
Multi-strategy hedge funds					
BlackRock Appreciation Fund IV (ERISA), Ltd. (a)	$ 3,611,173	$ -	$ 25,500,293	$ -	Other investments
BPIF Non-Taxable L.P. (b)	13,622,433	-	13,210,437	-	Other investments
Blackstone Park Avenue Non-Taxable Fund L.P. (c)	14,893,116	-	14,603,115	-	Other investments
Meridian Diversified ERISA Fund, Ltd. (d)	41,296,779	-	53,410,801	-	Other investments
Mesirow Institutional Multi-Strategy Fund, L.P. (e)	40,398,242	-	41,444,532	-	Other investments
GMAM Absolute Return Strategy Fund I (f)	46,252,554	-	45,150,483	-	Other investments
	160,074,297	-	193,319,661	-	
Real estate funds					
Promark - GMAM (g)	49,465,710	8,044,979	53,325,736	6,698,640	Real estate and real estate equity funds
International fund					
Sprucegrove US International Pooled Fund (h)	79,303,302	-	86,911,776	-	Mutual funds
Fixed income funds					
Alliance Bernstein Securitized Asset Securities (i)	37,766,280	-	36,666,225	-	Other investments
EB Opportunistic Fixed Income Fund (j)	14,047,598	-	-	-	Other investments
	51,813,878	-	36,666,225	-	
Limited partnerships					
Boyd Watterson GSA Fund, LP (k)	5,270,256	-	5,141,442	-	Other investments
DCM Private Equity Fund IV, LLC (l)	2,309,905	27,257,569	-	-	Other investments
Siguler Guff Trade Finance Opportunities Fund, LP (m)	8,478,409	6,562,500	-	-	Other investments
	16,058,570	33,820,069	5,141,442	-	
	$ 356,715,757	$ 41,865,048	$ 375,364,840	$ 6,698,640	

NOTE 6: FAIR VALUE MEASUREMENT - continued

(a) Includes direct and/or indirect investments that purse a variety of investment strategies. Shares of the fund are redeemable at the request of a shareholder as of the last business day of any fiscal quarter or such other days as the investment manager, in its sole and absolute discretion, authorizes (each such date being referred to as a "Redemption Date"), at an amount equal to the net asset value of such shares as of the applicable Redemption Date (the "Redemption Price"), subject to the notification periods, fees, payment provisions and expenses.

(b) Includes investments in a master fund. Withdrawal requests must be received at least 90 days prior to a withdrawal date in the case of Class A interests, 60 days prior to a withdrawal date in the case of Class B interests or 95 days prior to a withdrawal date in the case of Class C interests, Class E Interest or Class F interests, following the first anniversary date of its initial contribution. The general partner, in its discretion, may restrict the withdrawal.

(c) Includes investments in a master fund. Withdrawals are permitted annually with 95-days notice, following the first anniversary date of its initial contribution.The general partner, in its discretion, may restrict the withdrawal.

(d) The fund engages principally in a diversified investment strategy utilizing a multi-manager approach to invest in securities. Withdrawals are permitted semi-annually with 75-days notice capped at 90%, 10% holdback, 25% withdrawal gate provision.

(e) Includes investments in investment funds. Withdrawals are permitted as of the end of any calendar year upon 95 days' prior written notice or at any time with the consent of the General Partner.

(f) Includes investments in investment funds and time deposits. Investors do not have the right to require the fund to redeem its fund interest. Rather, pursuant to the fund's offering documents and SEC requirements, a redemption from the fund occurs through a tender offer with SEC filings and timing mandates. The fund will not effect more than four tender offers during any one fiscal year, unless it has been advised by counsel that such more frequent offers will not result in any adverse tax consequences to the fund.

(g) Includes investments in real estate properties and real estate limited partnerships, that invest in U.S. and international real estate. The underlying assets are expected to be liquidated by the investees over a period of 1 to more than 10 years. Distributions from each investment are made periodically and consist of excess operating cash flows, refinancing proceeds and returns of capital.

(h) Includes investments in short-term investment funds and securities traded on public exchanges. Redemptions and subscriptions are done monthly.

(i) Includes investments in a wide array of mortgage-backed securities, originated primarily in U.S. markets. Redemptions are done quarterly with 90 days notice. General Partner may limit withdrawals so they do not exceed 25% of assets.

NOTE 6: FAIR VALUE MEASUREMENT - continued

(j) Includes investments in fixed income securities.The return objective of the fund is to provide returns 300 to 500 basis points above the 3-Month LIBOR after fees over a full market cycle. Redemptions require written notice to the Trustee of the fund prior to 2:00 p.m. (ET) on the valuation date and in accordance with the procedures established by the Trustee. The fund reserves the right to suspend the offering of or redemption of units for a period of time, require in kind distributions, reject any purchase order or postpone payment dates if in the Trustee's opinion such offering, redemption, purchase or payment would disrupt the management of the fund.

(k) Includes investments in real estate assets that are 100% leased to the Federal Agencies for remaining terms of at least seven years on a weighted average basis in length. Withdrawals are permitted on a quarterly basis at the NAV per unit as of the last day of the applicable calendar quarter less any applicable redemption fees with 60-days notice.

(l) Includes investments in Private Equity Partnerships, Co-Investment Entities, and Secondary Investments in order to provide capital appreciation to members. No member shall have any right to withdraw from the fund and the fund shall continue until the later of (i) the tenth anniversary of the last day of Commitment Period and (ii) the first anniversary of the date on which each Private Equity Investment has liquidated its assets or has otherwise been disposed of and no distribution received by the fund remains subject to recall by any Private Equity Investment.

(m) The partnership invests directly or indirectly (through a Joint Venture) in a Trade Finance Transaction or a Related Transaction, hedging instruments, and Temporary Investments, with a primary focus on investments in trade finance regulatory capital transactions. No partner shall have any right to withdraw from the partnership without the express written consent of the General Partner, which may be withheld in its sole discretion.

NOTE 7: DERIVATIVES

Derivative contracts are instruments such as futures, forwards, swaps or option contracts, that derive their value from underlying assets, indices, reference rates or a combination of these factors. The investors enter into a contractual agreement to exchange cash or securities at a future date, the value of which is determined by the performance of the underlying asset during the life of the contract. Derivatives provide a flexible and low-cost way to structure portfolios and are used to manage risk as well to capture market mispricings. The Fund uses derivatives to earn income and enhance returns, to adjust the risk profile of its portfolio, to replace more traditional direct investments, or to obtain exposure to other inaccessible markets and to make direct investment in foreign currencies.

Such contracts involve a risk that the market movement of the underlying financial instrument may not be in the direction forecasted. All changes in the value of open derivative contracts are settled on a regular basis, usually daily. This daily settlement process acts to ensure performance of all parties to the investment contracts and mitigates credit risk.

NOTE 7: DERIVATIVES - continued

As of December 31, 2015 and 2014 the Fund no longer held any derivative instruments. During the year ended December 31, 2014, the Fund recognized net investment losses from derivatives totaling $4,027,182, were included in net appreciation (depreciation) in fair value of other investments in Note 5 and are included in net appreciation (depreciation) in fair value on the statement of changes in net assets available for benefits. The net investment losses from derivatives are as follows:

	2014
Futures	
Eurodollar	$ (2,619,284)
U.S. government note	378,899
Index	(2,078,933)
Bond	292,136
	$ (4,027,182)

NOTE 8: RISKS AND UNCERTAINTIES

The Fund 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 these securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Financial instruments that subject the Fund to concentrations of credit risk include cash which is deposited in financial institutions. While the Fund attempts to limit its financial exposure, its deposit balances with financial institutions may, at times, exceed the limits insured by agencies of the U.S. government. The Fund has not experienced, and management does not anticipate experiencing any credit losses on such deposits.

Fund contributions are determined and the actuarial present values of benefit obligations are reported based on certain assumptions pertaining to interest rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

NOTE 9: RELATED PARTY TRANSACTIONS

The Fund and the Teamsters Health and Welfare Fund of Philadelphia and Vicinity (the Health and Welfare Fund) maintain a corporation known as Administrative Service Professionals, Inc. (ASP). The Fund owns twenty-eight percent of ASP. ASP provides administrative services to the Fund based on a rate, per member, per month. During 2015 and 2014, the Fund paid ASP $1,968,000 and $2,067,000, respectively, which is included in administrative expenses. As of December 31, 2015 and 2014, the Fund did not have any outstanding liabilities to ASP.

NOTE 10: SECURITIES LENDING PROGRAM

The Trustees of the Fund have entered into an agreement with the bank that acts as custodian for the Fund's investments, which authorizes the bank to lend securities held in the Fund's accounts to third parties.

NOTE 10: SECURITIES LENDING PROGRAM - continued

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 and the value of collateral obtained must be at least 102% of the value of securities loaned. Both the collateral and the securities loaned are marked-to-market on a daily basis so that at least 102% of the value of the loaned securities has been received from the borrower. 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, credit the Fund's accounts with cash equal to the market value of the loaned securities. Once cash collateral is received by the custodian bank, it is invested and the investments are subject to market and credit risk. The custodial bank is not responsible for any losses on invested collateral.

Although the Fund's securities lending activities are collateralized as described above, and although the terms of the securities lending agreement with the custodial 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 risks. In this context, market risk refers to the possibility that the borrowers 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 Fund's securities may be subject to unfavorable market fluctuations. Credit risk refers to the possibility that counter-parties involved in the securities lending program may fail to perform in accordance with the terms of their contracts. To date, the Fund has experienced no material losses in connection with the securities lending program.

At December 31, 2015 and 2014, respectively, the collateral received for loaned securities was as follows:

	2015	2014
Received as cash and invested	$ 3,560,773	$ 6,825,657

In order to present the statements of net assets available for benefits in accordance with accounting principles generally accepted in the United States of America, the fair value of loaned securities is separately identified, the value of investments of cash received as collateral is reflected as an asset and the obligation to refund the cash collateral received is reflected as a liability.

The custodial bank is authorized to invest and reinvest, on behalf of the Fund, any and all cash collateral in one or more investment vehicles approved in the agreement. By contract, a large portion of earnings from the cash collateral is rebated from the borrower of the securities and the balance of the earnings is divided between the custodial bank and the Fund. Shortfalls arising from these investment activities are solely the responsibility of the Fund. The Fund and the bank receive 65% and 35% of the net income derived from all security lending activities, respectively. Income earned by the Fund during 2015 and 2014 reported in the statements of changes in net assets available for benefits was $77,515 and $103,232, respectively, in connection with the securities lending program. The income earned was determined as follows:

Gross earnings on collateral	$ 3,777	$ 1,533
Rebate from securities borrower	115,477	157,260
Net earnings on collateral	119,254	158,793
Fees paid to custodial bank	41,739	55,561
Net earnings by the Fund	$ 77,515	$ 103,232

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION

Board of Trustees
Teamsters Pension Trust Fund of Philadelphia
and Vicinity
6981 North Park Drive, Suite 400
Pennsauken, NJ 08109

We have audited the financial statements of Teamsters Pension Trust Fund of Philadelphia and Vicinity as of and for the years ended December 31, 2015 and 2014, and our report thereon dated July 18, 2016 which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of administrative expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bond Beebe

A Professional Corporation
Bethesda, MD
July 18, 2016

SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
ADMINISTRATIVE EXPENSES		
Actuarial and consulting	$ 222,582	$ 188,628
Administrator fee - ASP	1,968,000	2,067,000
Auditing and accounting	55,800	56,000
Data processing equipment rental and supplies	7,739	6,023
Dues and subscriptions	553	1,202
Educational conferences and trustee meetings	22,714	21,204
Employment verification	3,251	3,413
General office	71	5,475
Insurance	767,265	398,963
Legal	130,185	213,880
Payroll audit - legal services	762,620	494,189
Postage	30,019	29,084
Printing	8,584	15,222
	$ 3,979,383	$ 3,500,283