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UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C. HEALTH AND WELFARE FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C. HEALTH AND WELFARE FUND

FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

To the Participants and Trustees of the
UNITE HERE Local 25 and Hotel Association
of Washington, D.C. Health and Welfare Fund

Opinion

We have audited the financial statements of the UNITE HERE Local 25 and Hotel Association of Washington, D.C. Health and Welfare Fund (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits and of benefit obligations as of December 31, 2022 and 2021, and the related statements of changes in net assets available for benefits and of changes in benefit obligations for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits and benefit obligations of the Plan as of December 31, 2022 and 2021, and the changes in its net assets available for benefits and the changes in its benefit obligations for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all Plan amendments; administering the Plan; and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule of Assets Held at End of Year and Schedule of Reportable Transactions, together referred to as "supplemental information" are presented for the purpose of additional analysis and are not a required part of the financial statements. The supplemental Schedule of Assets Held at End of Year and Schedule of Reportable Transactions represent supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of the Plan's 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 audits 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 GAAS.

In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Columbia, Maryland
____, 2023

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UNITE HERE Local 25 and Hotel Association of Washington, D.C. Health and Welfare Fund

Statements of Net Assets Available for Benefits

December 31, 2022 and 2021

	2022	2021
Assets		
Investments - at fair value		
Registered investment companies	$ 776,065	$ 1,222,070
Receivables		
Employer contributions	580,680	288,911
Due from UNITE HERE Local 25 and Hotel Association of Washington, D.C. Group Legal Services Plan	88,236	-
Other	-	63,165
Total receivables	668,916	352,076
Prepaid expenses	11,886	11,745
Cash	322,873	412,775
Total assets	1,779,740	1,998,666
Liabilities and Net Assets		
Liabilities		
Accounts payable	12,777	3,263
Deferred revenue	-	432
Total liabilities	12,777	3,695
Net assets available for benefits	$ 1,766,963	$ 1,994,971

See accompanying notes to financial statements.

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UNITE HERE Local 25 and Hotel Association of Washington, D.C. Health and Welfare Fund

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2022 and 2021

	2022	2021
Additions		
Contributions		
Employer	$ 4,279,225	$ 1,802,194
Participants	15,895	48,690
Total contributions	4,295,120	1,850,884
Investment loss		
Net depreciation in fair value of investments	(176,871)	(47,171)
Interest and dividends	30,866	37,898
Total investment loss	(146,005)	(9,273)
Other income	-	109,836
Total additions	4,149,115	1,951,447
Deductions		
Benefits paid to or for participants		
Dental service provider premiums	3,595,030	1,486,995
Optical service provider premiums	510,894	242,195
Health maintenance organization premiums	16,792	32,502
Total benefits	4,122,716	1,761,692
Administrative expenses		
Audit fees	18,700	18,000
Bank fees	2,110	1,936
Conferences and meetings	402	-
Contract administrator fees	185,400	180,000
Insurance and bonding	15,801	15,158
Legal fees	13,362	38,252
Office supplies and printing	15,348	618
Payroll audit fees	3,284	1,390
Total administrative expenses	254,407	255,354
Total deductions	4,377,123	2,017,046
Net decrease	(228,008)	(65,599)
Net assets available for benefits		
Beginning of year	1,994,971	2,060,570
End of year	$ 1,766,963	$ 1,994,971

See accompanying notes to financial statements.

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UNITE HERE Local 25 and Hotel Association of Washington, D.C. Health and Welfare Fund

Statements of Benefit Obligations

December 31, 2022 and 2021

	2022	2021
Amounts currently payable to or for participants, beneficiaries and dependents		
Claims payable	$ 954,273	$ 374,336
Total benefit obligations	$ 954,273	$ 374,336

See accompanying notes to financial statements.

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UNITE HERE Local 25 and Hotel Association of Washington, D.C. Health and Welfare Fund

Statements of Changes in Benefit Obligations

Years Ended December 31, 2022 and 2021

	2022	2021
Amounts currently payable to or for participants, beneficiaries and dependents		
Balance at beginning of year	$ 374,336	$ 120,592
Increase (decrease) during the year attributable to:		
Claims reported and approved for payment	4,702,653	2,015,436
Claims and premiums paid	(4,122,716)	(1,761,692)
Total benefit obligations at end of year	$ 954,273	$ 374,336

See accompanying notes to financial statements.

UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C. HEALTH AND WELFARE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 1. DESCRIPTION OF THE PLAN

The following brief description of the UNITE HERE Local 25 and Hotel Association of Washington, D.C. Health and Welfare Fund (the Plan), is provided for general information purposes only. Participants should refer to the summary plan description for more complete information.

The Plan was created pursuant to an agreement and declaration of trust dated June 15, 1976. The Plan was established to provide a program of benefits for employees in jobs covered by collective bargaining agreements between participating employers in the Washington, D.C. area and UNITE HERE Local 25 of the Hotel Employees and Restaurant Employees International Union (the Union).

Benefits:

Dental and Optical - The Plan provides certain specified dental and optical benefits for covered employees, their spouses and dependent children through either insurance or indemnity arrangements. These contracts compensate the service providers at a cents-per-hour rate based upon the number of hours worked by covered employees.

Hospitalization and Medical - The Plan also provided hospital and medical benefits for employees who are engaged in "A" List employment as defined in the Collective Bargaining Agreement. "A" List employees are required to make monthly co-payments to the Plan for coverage through a health maintenance organization as they participate in the cost of their health insurance.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements are prepared using the accrual basis of accounting.

Investment Valuation and Income Recognition - The registered investment companies are carried at fair value which generally represents the net asset value of the funds as provided by the investment custodian as of the last business day of the year.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Purchases and sales of investments are recorded on a trade-date basis. Interest and dividends are recorded on the accrual basis. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Funding Policy and Revenue Recognition - Benefits are primarily funded through employer contributions pursuant to collective bargaining agreements between various employers and the Union. Employer contributions are accounted for as exchange transactions. The contributions are due on a monthly basis. It is the policy of the Trustees to pursue monies due.

Employer contributions due but not paid at year end are recorded as contributions receivable. Allowance for uncollectible accounts is considered unnecessary and is not provided.

Estimates - The presentation 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 certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Benefit Obligations - Claims payable were estimated by management based on actual amounts paid or payable after year end for all reported claims for benefits occurring during the year.

Participants' Continuing Eligibility - At year end, participants were eligible for benefits during the subsequent three months based on prior credited employment. The service providers have the obligation to provide benefits to participants based on continued eligibility, therefore, an obligation for continued eligibility is not included in the Statements of Benefit Obligations.

NOTE 3. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Basis of Fair Value Measurement:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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 beginning of the reporting period. For the years ended December 31, 2022 and 2021, there were no transfers in or out of levels 1, 2, or 3.

There have been no changes in valuation methodologies used at December 31, 2022 and 2021.

	Fair Value Measurements at December 31, 2022			
	Total	Level 1	Level 2	Level 3
Registered investment companies	$ 776,065	$ 776,065	$ -	$ -
	$ 776,065	$ 776,065	$ -	$ -

	Fair Value Measurements at December 31, 2021			
	Total	Level 1	Level 2	Level 3
Registered investment companies	$ 1,222,070	$ 1,222,070	$ -	$ -
	$ 1,222,070	$ 1,222,070	$ -	$ -

NOTE 4. RELATED ORGANIZATIONS

The Plan is related through common Board of Trustee members to the UNITE HERE Local 25 and Hotel Association of Washington, D.C. Group Legal Services Fund (Legal Plan), the Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, D.C. Pension Plan (Pension Plan) and the Hospitality Industry 401(k) Plan. As of December 31, 2022 and 2021, the Plan did not have any outstanding liabilities to the Pension and Legal Plans. As of December 31, 2022 and 2021, the Legal Plan owed $88,236 and $0, respectively, to the Plan.

NOTE 5. TAX STATUS

The Plan obtained its latest determination letter in August 22, 1978, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements under section 501(c)(9) of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. Plan management believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that, more likely than not, would not be sustained upon examination by the U.S. Federal, state, or local taxing authorities. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Typically, plan tax years will remain open for three years; however, this may differ depending upon the circumstances of the Plan.

Management evaluated the Plan's tax positions and concluded that the Plan has not taken any position that would impede a finding by the IRS that the Trust funding the Plan is exempt from Federal Income Tax. Therefore, no provision or liability for income taxes has been included in the financial statements.

NOTE 6. PRIORITIES UPON TERMINATION

It is the intent of the Trustees to continue the Plan in full force and effect; however, in order to safeguard against any unforeseen contingencies, the right to discontinue the Plan is reserved to the Trustees. In the event of termination, the Trustees shall first satisfy or make provisions to satisfy the obligations of the Plan. Any remaining Plan assets will be distributed in such manner as will in the opinion of the Trustees bring about the purpose of the Plan. Termination shall not permit any part of the Plan to be used for or diverted to purposes other than the exclusive benefit of the participants.

NOTE 7. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits as reported on the financial statements as of December 31, 2022 and 2021, to the balances as reported on Form 5500:

	2022	2021
Net assets available for benefits as reported on the financial statements	$ 1,766,963	$ 1,994,971
Benefit obligations currently payable	(954,273)	(374,336)
Net assets available for benefits as reported on Form 5500	$ 812,690	$ 1,620,635

NOTE 7. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (continued)

The following is a reconciliation of benefits paid to or for participants as reported on the financial statements for the years ended December 31, 2022 and 2021 to the balances as reported on Form 5500:

	2022	2021
Total benefits as reported on the financial statements	$ 4,122,716	$ 1,761,692
Add: Amounts currently payable at end of year	954,273	374,336
Less: Amounts currently payable at beginning of year	(374,336)	(120,592)
Total benefits as reported on Form 5500	$ 4,702,653	$ 2,015,436

Claims payable at December 31, 2022 and 2021 are included on the Statements of Benefit Obligations on the financial statements but are included as liabilities on Form 5500.

NOTE 8. RISKS AND UNCERTAINTIES

The Plan invests in various investments. Investments are exposed to various risks such as economic, interest rate, market and sector risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments 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.

NOTE 9. CONCENTRATION OF RISK

The Plan maintains its cash in an account which may exceed federally insured limits. The Plan has not experienced any losses on such accounts and management does not believe the Plan is exposed to any significant financial risk.

NOTE 10. SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through ___, 2023, the date the financial statements were available to be issued, and they have been evaluated in accordance with relevant accounting standards.

SUPPLEMENTAL INFORMATION

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UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C. HEALTH AND WELFARE FUND

SCHEDULE OF ASSETS HELD AT END OF YEAR

DECEMBER 31, 2022

Form 5500, Schedule H, Line 4i

EIN: 36-2941623
Plan No. 501

(a)	(b) Issuer, Borrower	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value				(d) Cost	(e) Current Value
		Description	Maturity Date	Rate	Value or Shares		
	Registered Investment Companies						
*	Dodge & Cox Income Fund	Mutual Fund	N/A	N/A	12,202	$ 162,594	$ 148,748
*	Harbor Fund Bond INST Fund	Mutual Fund	N/A	N/A	62,920	758,253	627,317
	Total registered investment companies					920,847	776,065
					Total assets held at end of year	$ 920,847	$ 776,065

* A party-in-interest as defined by ERISA.

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UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION
OF WASHINGTON, D.C.
HEALTH AND WELFARE FUND

SCHEDULE OF REPORTABLE TRANSACTIONS

DECEMBER 31, 2022

Form 5500, Schedule H, Line 4i

EIN: 36-2941623
Plan No. 501

(a) Identity of Party Involved	(b) Description	(c) Purchase Price	(d) Selling Price	(g) Cost of Asset	(h) Current Value of Asset	(i) Net Gain (Loss) on Transaction
*	Dodge & Cox Income Fund	$ 9,903	N/A	$ 9,903	$ 9,903	N/A
*	Dodge & Cox Income Fund	N/A	$ 300,000	321,264	300,000	$ (21,264)

* A party-in-interest as defined by ERISA.