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UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C. GROUP LEGAL SERVICES FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C. GROUP LEGAL SERVICES 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. Group Legal Services Fund

Opinion

We have audited the financial statements of the UNITE HERE Local 25 and Hotel Association of Washington, D.C. Group Legal Services 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 for one year after the date 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 of the Plan's ability to continue as a going concern for a reasonable period of time.

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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 is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplemental Schedule of Assets Held at End of Year represents 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 schedule 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. Group Legal Services Fund

Statements of Net Assets Available for Benefits and Benefit Obligations

December 31, 2022 and 2021

	2022	2021
Net assets available for benefits		
Assets		
Investments - at fair value		
Registered investment companies	$ 729,949	$ 831,875
Cash, interest bearing	484	1,094
Receivables		
Employer contributions	199,146	178,351
Prepaid expenses	7,072	7,285
Cash, checking	547,380	388,914
Total assets	1,484,031	1,407,519
Liabilities		
Accounts payable	6,259	2,195
Due to UNITE HERE Local 25 and Hotel Association of Washington, D.C. Health and Welfare Fund	88,236	-
Total liabilities	94,495	2,195
Net assets available for benefits	1,389,536	1,405,324
Benefit obligations		
Amount currently payable		
Due to legal services provider	326,379	341,537
Excess of net assets available for benefits over benefit obligations	$ 1,063,157	$ 1,063,787

See accompanying notes to financial statements.

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UNITE HERE Local 25 and Hotel Association of Washington, D.C. Group Legal Services Fund

Statements of Changes in Net Assets Available for Benefits and Benefit Obligations

Years Ended December 31, 2022 and 2021

	2022	2021
Change in net assets available for benefits		
Additions		
Investment loss		
Net deprecation in fair value of investments	$ (124,577)	$ (35,016)
Interest and dividends	22,651	27,184
Total investment loss	(101,926)	(7,832)
Employer contributions	1,815,069	1,072,836
Total additions	1,713,143	1,065,004
Deductions		
Benefits paid for participants		
Legal services provider fees	1,619,959	807,219
Administrative expenses		
Audit fees	8,900	8,500
Bank fees	2,010	1,972
Conference and meetings	161	85
Contract administrator fees	70,452	68,400
Insurance and bonding	8,930	8,562
Legal fees	10,650	12,031
Office supplies and expenses	6,556	491
Payroll audit fees	1,313	556
Total administrative expenses	108,972	100,597
Total deductions	1,728,931	907,816
Net increase (decrease) in net assets available for benefits	(15,788)	157,188
Net change in benefit obligations		
(Increase) decrease during the year attributable to		
Change in amount due to legal services provider	15,158	(341,537)

See accompanying notes to financial statements.

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	2022	2021
Excess of net assets available for benefits over benefit obligations		
Net decrease	$ (630)	$ (184,349)
Excess		
Beginning of year	1,063,787	1,248,136
End of year	$ 1,063,157	$ 1,063,787

See accompanying notes to financial statements.

UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C. GROUP LEGAL SERVICES 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. Group Legal Services 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 September 15, 1978. The Plan was established to provide a program of legal service 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). Contributions to the Plan are made by the employers at rates specified in their collective bargaining agreement. The Plan provides certain specified legal service benefits to the covered employees, their spouses and dependent children through contracts with a service provider. The contract compensates the service provider at a cents-per-hour rate based upon the number of hours worked by covered employees.

A new employee will become an eligible participant in the Plan on the first day of the month following three consecutive months in which minimum contributions for sixty hours per month have been made to the Plan on the employee's behalf. An eligible participant, after satisfying the initial eligibility requirement, will continue to be eligible as long as a contribution for sixty hours or more is made on his or her behalf each month.

Should an employee experience a loss of eligibility due to lay off or an approved leave of absence, his or her benefits will terminate on the ninety-first day following their last day worked for which contributions were required or at the end of the three-month period in which contributions fall below sixty hours per month.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents - All highly liquid investments with maturities of three months or less at the time of purchase are considered cash equivalents.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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 not considered necessary and is not provided.

Benefit Obligations - The due to legal services provider, estimated by the Plan's management, consists of services provided applicable to the years ended December 31, 2022 and 2021, and paid subsequent to year end.

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.

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 that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 3. PRIORITIES UPON TERMINATION

Participants should refer to the summary plan description for more complete information.

It is the intent of the Trustees to continue the Plan in full force and effect; however, 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 4. TAX STATUS

The Plan obtained its latest determination letter on June 7, 1995, 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 and was, therefore, exempt from Federal income taxes. 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.

NOTE 5. CONCENTRATION OF CREDIT RISK

The Plan maintains its cash and cash equivalents in accounts 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 6. 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.

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.

NOTE 6. FAIR VALUE MEASUREMENTS (continued)

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 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	$ 729,949	$ 729,949	$ -	$ -
	$ 729,949	$ 729,949	$ -	$ -

	Fair Value Measurements at December 31, 2021			
	Total	Level 1	Level 2	Level 3
Registered investment companies	$ 831,875	$ 831,875	$ -	$ -
	$ 831,875	$ 831,875	$ -	$ -

NOTE 7. RELATED ORGANIZATIONS

The Plan is related through common Board of Trustee members to the Hotel and Restaurant Employees Local 25 and Hotel Association of Washington, D.C. Pension Plan (Pension Plan), UNITE HERE Local 25 and Hotel Association of Washington, D.C. Health and Welfare Fund (Health 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 Hospitality Industry 401(k) Plans. As of December 31, 2022 and 2021, the Plan owed $88,236 and $0, respectively, to the Health Plan.

NOTE 8. 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:

	December 31, 2022	December 31, 2021
Net assets available for benefits as reported on the financial statements	$ 1,389,536	$ 1,405,324
Benefit obligations currently payable	(326,379)	(341,537)
Net assets available for benefits as reported on Form 5500	$ 1,063,157	$ 1,063,787

The following is a reconciliation of benefits paid for participants as reported on the financial statements to the balances as reported on Form 5500:

	December 31, 2022	December 31, 2021
Total benefits as reported on the financial statements	$ 1,619,959	$ 807,219
Add: Amounts currently payable at end of year	326,379	341,537
Less: Amounts currently payable at beginning of year	(341,537)	-
Total benefits as reported on Form 5500	$ 1,604,801	$ 1,148,756

Amounts due to the legal services provider at December 31, 2022 and 2021, are reported as benefit obligations in the financial statements but are included as liabilities on Form 5500.

NOTE 9. 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 10. LEGAL SERVICES AGREEMENT WITH BENEFIT PROVIDER

The Trustees have entered into an agreement with a law firm to provide legal services in accordance with the Plan document. The agreement specified the rate per participant at which the law firm will be compensated. The agreement provided that the Plan pay the provider the sum of $.1850 during the period from January 1, 2020 to June 2020 for each hour worked by each participant on whose behalf contributions are received for such hours. In June 2020, the Trustees approved a temporary modification to the Plan's contract with its legal services provider under which the Plan would pay the provider a monthly payment of $125,000 in lieu of the cents-per-hour-worked payments otherwise due for modified benefits for the period July 1, 2020 to December 30, 2020, later extended through July 31, 2021, with the payments for February and March 2021 to be applied to later months. Effective August 1, 2021, the parties reverted to the terms of the original agreement, but with a minimum payment of $66,000 per month through December 31, 2021, or such later date agreed upon by the parties (later extended through March 30, 2022).

NOTE 11. 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. Group Legal Services Fund

Schedule of Assets Held at End of Year

December 31, 2022

Form 5500 Schedule H, Line 4i

EIN: 36-6686313
Plan No: 501

(a)	(b) Issuer, Borrower	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value: Description	Maturity Date	Interest Rate	Par/Maturity Value or Shares	(d) Cost	(e) Current Value
	Registered Investment Companies						
*	Harbor Fund Bond INST Fund	Mutual Fund	N/A	N/A	42,487	$ 505,845	$ 423,596
*	Dodge & Cox Income Fund	Mutual Fund	N/A	N/A	25,131	265,719	306,353
	Total registered investment companies					771,564	729,949
	Reconciliation to Form 5500						
	Interest Bearing Cash						
	PNC Bank	Interest bearing cash	N/A	N/A	484	484	484
		Total investment per Form 5500				$ 772,048	$ 730,433

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