WAREHOUSE EMPLOYEES UNION LOCAL NO. 730
AND CONTRIBUTING COMPANIES'
PREPAID LEGAL SERVICES FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2020

WAREHOUSE EMPLOYEES UNION LOCAL NO. 730
AND CONTRIBUTING COMPANIES'
PREPAID LEGAL SERVICES FUND

FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2020 AND 2019

CONTENTS

Novak | Francella
LLC | CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Warehouse Employees Union Local No. 730 and
Contributing Companies' Prepaid Legal Services Fund

We have audited the accompanying financial statements of the Warehouse Employees Union Local No. 730 and Contributing Companies' Prepaid Legal Services Fund (the Plan), which comprise the statements of net assets available for benefits and benefit obligations as of December 31, 2020 and 2019, and the related statements of changes in net assets available for benefits and benefit obligations for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Plan'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 Plan'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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Warehouse Employees Union Local No. 730 and Contributing Companies' Prepaid Legal Services Fund, as of December 31, 2020 and 2019, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedules of Administrative Expenses and Schedules of Employer Contributions are presented for the purpose of additional analysis and are not a required part of the financial statements. Supplemental 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 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.

Novak Francella LLC

Columbia, Maryland
July 14, 2021

Warehouse Employees Union Local No. 730
and Contributing Companies'
Prepaid Legal Services Fund

Statements of Net Assets Available for Benefits and Benefit Obligations

December 31, 2020 and 2019

	2020	2019
Net assets available for benefits		
Assets		
Investments - at fair value		
Corporate obligations	$ 142,034	$ 284,674
Registered investment companies	332,745	-
United States Government and Government Agency obligations	401,297	579,803
Short-term investments	53,522	20,088
	929,598	884,565
Receivables		
Employer contributions	8,334	10,141
Interest	1,209	2,330
Other	-	1,241
	9,543	13,712
Prepaid expenses	5,676	5,508
Total assets	944,817	903,785
Liabilities		
Accounts payable	3,631	6,103
Total liabilities	3,631	6,103
Net assets available for benefits	941,186	897,682
Benefit obligations		
Amounts currently payable to or for participants, beneficiaries, and dependents		
Due to legal service providers	1,273	5,998
Other obligations for current benefit coverage, at estimated amounts		
Participants' continuing eligibility	24,000	46,900
Total benefit obligations	25,273	52,898
Excess of net assets available for benefits over benefit obligations	$ 915,913	$ 844,784

See accompanying notes to financial statements.

Warehouse Employees Union Local No. 730
and Contributing Companies'
Prepaid Legal Services Fund

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

Years Ended December 31, 2020 and 2019

	2020	2019
Additions		
Employer contributions	$ 108,962	$ 138,625
Investment income		
Net appreciation in fair value of investments	11,813	15,452
Interest and dividends	26,307	21,851
Less: investment expenses	(4,384)	(5,153)
Investment income - net	33,736	32,150
Total additions	142,698	170,775
Deductions		
Benefits paid for participants		
Legal services provider fees	57,592	112,666
Administrative expenses	41,602	48,777
Total deductions	99,194	161,443
Net increase in net assets available for benefits	43,504	9,332
Net (increase) decrease in benefit obligations		
Changes during the year attributable to		
Change due to legal service providers	4,725	7,198
Change in participants' continuing eligibility	22,900	(18,100)
	27,625	(10,902)
Excess of net assets available for benefits over benefit obligations		
Net increase (decrease)	71,129	(1,570)
Excess		
Beginning of year	844,784	846,354
End of year	$ 915,913	$ 844,784

See accompanying notes to financial statements.

WAREHOUSE EMPLOYEES UNION LOCAL NO. 730
AND CONTRIBUTING COMPANIES'
PREPAID LEGAL SERVICES FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1. DESCRIPTION OF THE PLAN

The following brief description of the Warehouse Employees Union Local No. 730 and Contributing Companies' Prepaid 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, which began operations in November 1976, covers employees covered by collective bargaining agreements between certain employers in the Washington, D.C. area and the following unions: Warehouse Employees' Union Local No. 730 and Teamsters Local Union No. 922. In addition, employees of Local Union No 730 are covered.

The contributions to the Plan are made by the employers' rates specified in their collective bargaining agreement. The Plan provides certain specified legal services to the covered employees, the legal spouse residing with the employee, and dependent children of the employee. The Plan has entered into agreements with attorneys to provide the legal services and has agreed to pay the attorneys for expenses incurred in providing benefits under the Plan.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Valuation of Investments and Recognition of Income - 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. Investments in United States Government and Government Agency obligations and corporate obligations are carried at estimated fair value as reported by the investment manager or as provided by the custodial bank. Short-term investments are carried at cost which approximates fair value.

Purchases and sales of investments are recorded on a trade-date basis. Interest and dividend income are recorded on the accrual basis. Net 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 receivable are accrued based on an analysis of subsequent employer reports and remittances. No allowance for doubtful accounts is considered necessary.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Benefits Payable to Legal Service Providers - The due to legal service provider is based on services provided applicable to the years ended December 31, 2020 and 2019 and paid subsequent to year end.

Participants' Continuing Eligibility - At year end, participants were eligible for benefits during the subsequent five months based on prior credited employment. The amount recorded for participants' continuing eligibility is based on historical benefit experience.

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.

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.

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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, 2020 and 2019, 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, 2020 and 2019.

	Fair Value Measurements at December 31, 2020			
	Total	Level 1	Level 2	Level 3
Corporate obligations	$ 142,034	$ -	$ 142,034	$ -
Registered investment companies	332,745	332,745	-	-
United States Government and Government Agency obligations	401,297	-	401,297	-
Short-term investments	53,522	53,522	-	-
	$ 929,598	$ 386,267	$ 543,331	$ -

	Fair Value Measurements at December 31, 2019			
	Total	Level 1	Level 2	Level 3
Corporate obligations	$ 284,674	$ -	$ 284,674	$ -
United States Government and Government Agency obligations	579,803	-	579,803	-
Short-term investments	20,088	20,088	-	-
	$ 884,565	$ 20,088	$ 864,477	$ -

NOTE 4. PRIORITIES UPON TERMINATION

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 5. TAX STATUS

On February 14, 1995, the Internal Revenue Service advised that the Trust qualified under Section 501(c)(9) of the Internal Revenue Code and was, therefore, exempt from Federal income taxes.

NOTE 5. TAX STATUS (continued)

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 6. 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 and benefit obligations.

NOTE 7. PARTY-IN-INTEREST TRANSACTIONS

The money market fund is managed by PNC. PNC is the Custodian, as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. These transactions have been denoted as such on the supplemental schedules of assets held at end of year and reportable transactions. These transactions qualify as party-in-interest transactions which are exempt from the prohibited transaction rules of ERISA. For the years ended December 31, 2020 and 2019, the Plan paid custodial fees of $996 and $1,343, respectively, to PNC.

NOTE 8. SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through July 14, 2021, the date the financial statements were available to be issued, and they have been evaluated in accordance with relevant accounting standards.

SUPPLEMENTAL INFORMATION

Warehouse Employees Union Local No. 730
and Contributing Companies'
Prepaid Legal Services Fund

Schedules of Administrative Expenses

Years Ended December 31, 2020 and 2019

	2020	2019
Accounting and auditing fees	$ 9,220	$ 6,300
Conferences	417	6,800
Contract administrator fees	18,452	23,608
Insurance	3,855	5,386
Legal fees	6,640	4,115
Membership dues	1,265	-
Printing, postage and stationary	1,694	2,426
Trustees' meetings and travel	59	142
Total	$ 41,602	$ 48,777

Warehouse Employees Union Local No. 730
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Schedules of Employer Contributions

Years Ended December 31, 2020 and 2019

	2020	2019
Canada Dry	$ 30,947	$ 31,114
Canteen Vending	12,012	15,397
Safeway	13,801	34,112
Distribution Plus	7,932	16,695
Eight O'clock Coffee	6,018	5,933
Giant Cardboard	3,098	2,777
Giant Local No. 922	1,294	1,397
Giant Warehouse 730-1	32,866	30,101
Washington Food and Supply, Inc.	509	510
Warehouse Employees' Union Local No. 730	485	589
Total	$ 108,962	$ 138,625