

Board of Trustees
c/o Ms. Alicia Cochran
Industry and Local 338 Welfare Fund
Associated Administrators, LLC
911 Ridgebrook Rd
Sparks, MD 21152

Re: Communication of Financial Statement Audit Matters - June 30, 2020

We have audited the financial statements of Industry and Local 338 Welfare Fund (the "Plan") for the year ended June 30, 2020, and have issued our report thereon. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you for the current year. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of the Organization's Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are disclosed in the notes to the financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate affecting the financial statements is as follows:

Management's estimate of the incurred but not reported and accumulated eligibility benefit obligations are based on claims payment history and the probability of payment.

We evaluated the key factors and assumptions used to develop the estimates identified above and determined that the amounts used are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is as follows:

The disclosure relating to the COVID-19 outbreak in the United States which has caused business disruption through government mandated closings in various industries.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Misstatements detected as a result of audit procedures do not include journal entries based on information provided by management, since they were recorded by us merely as a convenience to us or management.

Management has corrected all misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the audit opinion letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Supplemental Schedules Required Under the DOL's Rules and Regulations for Reporting and Disclosure Under ERISA

With respect to the supplementary information required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Supplemental Schedules

With respect to other supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit, we also became aware of the following matters which we believe represent opportunities for strengthening internal controls and operating efficiency:

Report on internal controls at service provider

While analyzing the report on the internal controls at Anthem, it was noted that the auditor issued a Qualified Opinion indicating that the controls were not "operating effectively to achieve the control objective." The deficiency appears to be associated with application control changes and the implementation and documentation of those changes. Although we are not aware of any impact to the Plan, we suggest that consideration should be given to additional inquiry and evaluation.

We have discussed our observations and suggestions with Plan personnel and would be pleased to discuss them in further detail at your convenience or to assist you in implementing recommendations to the extent our independence is not impaired.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the Plan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SCHULTHEIS & PANETTIERI, LLP

DRAFT 02-04-21