CARPENTERS LOCAL UNION NO. 491
HEALTH & WELFARE PLAN

FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

CARPENTERS LOCAL NO. 491
HEALTH & WELFARE PLAN

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IRA MARC MILLER & CO., PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Trustees
Carpenters Local Union No. 491
Health & Welfare Plan
Sparks, Maryland

We have audited the accompanying financial statements of the Carpenters Local No. 491 Health & Welfare Plan, which comprise the statements of the net assets available for benefits and of benefit obligations as of December 31, 2019 and 2018, 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.

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 internet 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 of 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.

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

7 Church Lane, Suite 13
Baltimore, MD 21208
410-415-6807 • Fax 410-415-6809

To the Trustees
Carpenters Local Union No. 491
Health and Welfare Plan
Sparks, Maryland
(continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits and of benefit obligations of the Carpenters Local Union No. 491 Health and Welfare Plan as of December 31, 2019 and 2018, and the related statements of changes in net assets available for benefits and of changes in benefit obligations for the years then ended in accordance 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 benefits paid and operating expenses, schedule of assets held for investment purposes at end of year, and schedule of reportable transactions, are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplemental information required by the Department of Labor's Rules and Regulations for Reporting and disclosure under the Employee Retirement Income Security Act of 1974. 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 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 taken as a whole.

Ira Marc Miller & Co., P.A.

October 14, 2020

CARPENTERS LOCAL UNION NO. 491 HEALTH & WELFARE PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Investments, at fair value:		
Cash (interest bearing)	$ 265,099	$ 238,291
Money market mutual fund	156,609	161,228
Equity Funds	2,689,264	2,116,664
Bond and income funds	7,312,263	6,751,962
Total investments	10,423,235	9,268,145
Receivables:		
Participating employers' health contributions	291,482	238,723
Participants' vacation contributions	56,730	43,511
Accrued dividends and interest	201	17,232
Total receivables	348,413	299,466
Prepaid expenses	2,723	3,095
Cash (non-interest bearing)	671,759	951,405
TOTAL ASSETS	11,446,130	10,522,111
LIABILITIES		
Due to broker for securities purchased	13,523	13,645
Accounts payable	100,693	76,833
TOTAL LIABILITIES	114,216	90,478
NET ASSETS AVAILABLE FOR BENEFITS	$ 11,331,914	$ 10,431,633

See accompanying notes to financial statements.

CARPENTERS LOCAL UNION NO. 491 HEALTH & WELFARE PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Contributions:		
Participating employers' health	$ 4,631,492	$ 4,573,559
Participants' health	45,717	51,676
Participants' vacation	1,147,347	1,123,027
	5,824,556	5,748,262
Investment income:		
Net (depreciation) appreciation in fair value of investments	975,738	(486,652)
Dividends	309,838	289,505
Interest	4,549	2,585
	1,290,125	(194,562)
Less investment expenses	(5,895)	(10,080)
Net investment (loss) income	1,284,230	(204,642)
Other income:		
Unclaimed property	-	7,252
Other income		
Settlement	-	380
Consulting fee refunded	786	-
TOTAL ADDITIONS	7,109,572	5,551,252
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Benefits paid to participants:		
Health care	4,400,940	3,659,746
Disability and death	28,500	41,672
Vacation	1,126,477	1,127,213
	5,555,917	4,828,631
Administrative expenses	653,374	394,888
TOTAL DEDUCTIONS	6,209,291	5,223,519
NET INCREASE DURING THE YEAR	900,281	327,733
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	10,431,633	10,103,900
End of year	$ 11,331,914	$ 10,431,633

See accompanying notes to financial statements.

CARPENTERS LOCAL UNION NO. 491 HEALTH & WELFARE PLAN
STATEMENTS OF BENEFIT OBLIGATIONS
DECEMBER 31, 2019 AND 2018

	2019	2018
AMOUNTS CURRENTLY PAYABLE		
Claims payable and claims incurred but not reported	$ 1,054,223	$ 807,045
OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE, AT PRESENT VALUE OF ESTIMATED AMOUNTS		
Accumulated eligibility credits	4,092,000	4,055,000
POSTRETIREMENT BENEFIT OBLIGATIONS		
Retired participants	601,212	654,689
Other participants fully eligible for benefits	673,514	606,052
Participants not yet fully eligible for benefits	1,696,545	1,597,238
Total postretirement benefit obligations	2,971,271	2,857,979
TOTAL BENEFIT OBLIGATIONS	$ 8,117,494	$ 7,720,024

See accompanying notes to financial statements.

CARPENTERS LOCAL UNION NO. 491 HEALTH & WELFARE PLAN
STATEMENTS OF CHANGES IN BENEFIT OBLIGATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
AMOUNTS CURRENTLY PAYABLE		
Balance at the beginning of year	$ 448,900	$ 258,400
Claims reported and approved for payment, including benefits reclassified from benefit obligations	3,793,518	3,141,067
Claims paid	(3,701,418)	(2,950,567)
BALANCE AT END OF YEAR	541,000	448,900
OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE, AT PRESENT VALUE OF ESTIMATED AMOUNTS		
Balance at beginning of year	4,413,145	4,072,735
Net change during the year	192,078	340,410
BALANCE AT END OF YEAR	4,605,223	4,413,145
Total obligations other than postretirement benefit obligations	5,146,223	4,862,045
POSTRETIREMENT BENEFIT OBLIGATIONS, NET OF AMOUNTS CURRENTLY PAYABLE		
Balance at beginning of year	2,857,979	3,051,478
Increase (decrease) during the year attributable to:		
Changes due to passage of time	135,060	162,240
Changes due to demographic experience	(307,790)	-
Changes due to claims experience	352,329	(355,739)
Changes due to updating the medical trend	(25,136)	-
Changes due to updating the mortality assumption	(41,171)	-
BALANCE AT END OF YEAR	2,971,271	2,857,979
TOTAL BENEFIT OBLIGATIONS AT END OF YEAR	$ 8,117,494	$ 7,720,024

See accompanying notes to financial statements.

NOTE A – DESCRIPTION OF PLAN

The following description of the Carpenters Local Union No. 491 Health & Welfare Plan (Plan) provides only general information. Participants should refer to the Plan Agreement for a complete description of the Plan's provisions.

A. General – The Plan provides health and other benefits covering all participants of Carpenters Local Union No. 491. The Plan and related trust were established on October 1, 1980, pursuant to a collective bargaining agreement entered into between all Employers participating in the collective bargaining agreement and Carpenters Local No. 491. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

B. Benefits – The Plan provides health benefits (medical, hospital, prescription, dental and optical), short-term disability benefits, death benefits, and vacation benefits to all eligible employees and their dependents or beneficiaries.

   Effective January 1, 2003, the board of trustees amended the Plan to include a defined contribution vacation benefit.

   An employee becomes a participant in the Plan, eligible for full or partial medical coverage, after working in covered employment for a participating employer for a minimum number of hours as stated in the Plan Agreement. Coverage under the Plan automatically terminates on the first day of the month following the date on which the participant ceases to satisfy the eligibility requirements.

   Extended coverage is available to members and their eligible dependents or beneficiaries under the self-payment and the continuation of coverage (COBRA) provisions of the Plan. Retirees who are receiving an early, normal or disability retirement payment under the Carpenters Local No. 491 Pension Plan are eligible for limited benefits which are coordinated with their Medicare coverage.

   Employees become participants in the vacation benefit at the time the Plan receives contributions which are withheld from the participant based on the number of hours the participant has worked. The benefit is intended to provide income during periods when the participant's earning power is interrupted.

C. Contributions – Contributions to fund the medical benefits are made by employers based on the number of hours worked by each participant at a rate determined by the collective bargaining agreement reached between each Employer and the Union representing the participant's trade.

   Contributions to provide the vacation benefits consist of amounts withheld from the participants.

NOTE A – DESCRIPTION OF PLAN (continued)

Each participant's vacation account is credited with amounts which have been contributed to the Plan on their behalf. These amounts are co-mingled in a pooled investment. Separate account balances, limited to benefits based on contributions actually received by the Plan, are maintained to determine the amounts that can be distributed to eligible participants. Vacation benefits are distributed to participants at the discretion of the Plan Trustees.

In the event of a participant's death, the death benefit consists of all contributions actually received by the Plan which has not already been paid out to the member.

D. <u>Other</u> - The Plan's board of trustees, as Sponsor, has the right under the Plan to modify the benefits paid to active employees. The plan may be terminated only by joint agreement between the participating employers and Carpenters Local Union No. 491, subject to the provisions of ERISA.

E. <u>Plan Amendments</u> – The Plan has been amended and restated effective January 1, 2011, to include certain provisions such as the option of utilizing a hospital review program to reduce unnecessary costs, requiring hospitalizations to be pre-certified, and to comply with the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010. Under the Patient Protection and Affordable Care Act, there are no maximum annual spending limits per individual. The Plan has obtained a waiver from this provision through December 31, 2013 from the Health and Human Services administration. Subsequent to December 31, 2013, the Plan was amended to comply with the provisions of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. <u>Estimates</u> – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America require the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

B. <u>Investment Valuation and Income Recognition</u> – Investments are reported at fair value. Fair value is 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. See Note C for discussion of fair value measurements. The Trustees determine the appropriateness of the Plan's investment offerings and monitors investment performance. The Trustees also determine the Plan's valuation policies.

Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Plan has invested in Goldman Financial Treasury Obligation Fund. The net asset value is used as an estimate of fair value as the plan has the ability to redeem its investment at net asset value as of the measurement date.

C. Postretirement Benefits – The amount reported as the postretirement benefit obligation represents the actuarial present value of those estimated future benefits that are attributed by the terms of the Plan to employees' service rendered to the date of the financial statements, reduced by the actuarial present value of contributions expected to be received in the future from the current Plan participants. Postretirement benefits include future benefits expected to or for (1) currently retired or terminated employees and their beneficiaries and dependents and (2) active employees and their beneficiaries and dependents after retirement from service with participating employers. The postretirement benefit obligation represents the amount that is to be funded by contributions from the Plan's participating employers and from existing Plan assets. Prior to an active employee's full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributed to the employee's service in the industry rendered to the valuation date.

The actuarial present value of the expected post-retirement benefit obligation is determined by an actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims costs per participant and to adjust such estimates for the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as those for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. See Note E for a discussion of significant assumptions used in the valuation.

The assumptions addressed in Note E are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of the postretirement benefit obligations.

D. Other Plan Benefits – Plan obligations at December 31st for health claims incurred by active participants but not reported at that date, for accumulated eligibility of participants, for future disability payments to members considered permanently disabled at December 31st are estimated by the Plan's actuary in accordance with accepted actuarial principles. Such estimated amounts are reported in the accompanying statement of the Plan's benefit obligations at present value, based on a 4.0% discount rate. Health claims incurred by retired participants but not reported at year end are included in the postretirement benefit obligation.

E. Operating Expenses – All expenses of maintaining the Plan are paid by the Plan.

NOTE C – FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value, and Level 1 inputs were available for all Plan assets for the year ended December 31, 2019 and 2018. Level 2 inputs were used only when Level 1 inputs were not available.

Level 1 Fair Value Measurements

The fair values of cash-interest bearing, common stock, certain corporate bonds and U. S. Government securities are based on quoted market prices from active markets. The fair values of equity and bond and income mutual funds are based on quoted market prices from active markets.

Level 2 Fair Value Measurements

The Plan has invested in Goldman Financial Treasury Obligation Fund. The net asset value is used as an estimate of fair value as the plan has the ability to redeem its investment at net asset value as of the measurement date.

Gains and losses (realized and unrealized) included in the statements of changes in net assets available for benefits for the years ended December 31, 2019 and 2018 are reported in net appreciation in fair value of investments. The Plan's policy is to recognize transfers into and out of Level 3 at the end of the reporting period. For the years ended December 31, 2019 and 2018, there were no significant transfers into or out of Level 3. There have been no changes in valuation techniques for the years ended December 31, 2019 and 2018.

NOTE C – FAIR VALUE MEASUREMENTS (continued)

The following tables set forth, by level within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2019 and 2018:

	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Mmarkets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
December 31, 2019			
Cash-interest bearing	$ 265,098	$ 265,098	
Money market mutual fund	156,609		$ 156,609
Equity - mutual funds	2,689,264	2,689,264	-
Bond and income - mutual funds	7,312,264	7,312,264	-
Total	$ 10,423,235	$ 10,266,626	$ 156,609

	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Mmarkets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
December 31, 2018			
Cash-interest bearing	$ 238,291	$ 238,291	
Money market mutual fund	161,228		$ 161,228
Equity - mutual funds	2,116,664	2,116,664	-
Bond and income - mutual funds	6,751,962	6,751,962	-
Total	$ 9,268,145	$ 9,106,917	$ 161,228

NOTE D – INVESTMENTS

The Plan's investments are held by a bank administered trust fund. During the years ended December 31, 2019 and 2018 the Plan's investments (including investments bought, sold, as well as held during the year) (decreased) increased in value respectively by $976,133 and $(486,652) as follows:

	December 31, 2019	December 31, 2018
Equity - mutual funds	$ 562,796	(246,848)
Bond and income - mutual funds	412,942	(239,804)
	$ 975,738	$ (486,652)

NOTE D – INVESTMENTS (continued)

The fair value of investments that represent 5% or more of the Plan's net assets are as follows:

	2019	2018
Dodge & Cox Income Fund	$ 1,843,573	$ 1,740,245
Vanguard Total Bond Market Index	3,588,706	3,487,983
Legg mason Western Asset Core Plus Bond Fund Inst Class	1,879,985	1,763,539
Vanguard 500 Index Fund	1,620,973	1,401,974
American Europacific Growth Class R6	-	488,085
Fidelity Extended Market Index Fund	-	473,450
Total	$ 8,933,237	$ 9,355,276

NOTE E – ACTUARIAL METHODS AND ASSUMPTIONS

The following is a description of the method and significant actuarial assumptions used to determine the plan's benefit obligations at December 31, 2019 and 2018. There were no significant changes in the method of assumptions during the current year. We are not qualified to judge the reasonableness of the assumption.

Method: The benefit obligation is calculated net of participant contributions.

Discount Rate: 4.0% for 2019 and 2018.

Mortality: RP-2000 Combined Healthy with Blue Collar Adjustment with a three year set forward for males and females, generational mortality improvement using 75% of Scale AA in 2018 as published by the Society of Actuaries. This valuation: RP2014 Combined Healthy with Blue Collar Adjustment with a three year set forward for males and females, generational mortality improvement using 75% of MP2019 as published by the Society of Actuaries. The same mortality was used for both healthy and disabled lives.

Retirement: The member is assumed to retire when he first meets the requirements at the earlier of age 60 with 10 years of service or age 65 with 5 years of service.

Turnover: The T-2 table. Sample rates are:

AGE	RATE
20	5.4%
30	5.1%
40	3.5%
50	0.4%

NOTE E – ACTUARIAL METHODS AND ASSUMPTIONS (continued)

Health Care Cost Trend Rate: The medical, drug, and retiree contribution trend assumption were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated in September 2019. The following assumptions were used as input variables into this model:

Rate of Inflation	2.5%
Rate of Growth in Real Income/GDP per capita	1.5%
Extra Trend due to Technology and other factors	1.1%
Expected Health Share of GDP in 2029	20.0%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

The SOA Long-Run Medical Cost Trend Model and is based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection, tolerance ranges and input variables have been developed under the guidance of an SOA Project Oversight Group.

Year	Increase
2020	4.70%
2030	5.20%
2040	5.20%
2050	5.20%
2060	4.80%
2070	4.40%
2075+	4.00%

Baseline Costs for Health Benefits: The annual costs per retiree family unit assumed for the current population are as shown below. The baseline costs are derived from actual costs. The costs are applied to each family unit.

Current year gross annual cost is:

	Age	Free Coverage Medical $	Full Coverage Medical & Drug * $	Contributions Under Full Coverage $
Pre-Medicare	50 – 54	*Life*	8,326	5,004
	55 – 59	*Benefit*	9,777	5,004
	60 – 64	*Only*	11,696	5,004
Medicare	65 – 69		2,811	2,760
	70 – 74		3,549	2,760
	75 – 79		4,146	2,760
	80 – 84		4,849	2,760
	85 +		5,235	2,760

**Drug coverage ends upon attainment of age 65*

NOTE E – ACTUARIAL METHODS AND ASSUMPTIONS (continued)

Prior year gross annual cost is:

	AGE	FREE COVERAGE MEDICAL $	FULL COVERAGE MEDICAL & DRUG * $	CONTRIBUTIONS UNDER FULL COVERAGE $
,PRE-MEDICARE	50 – 54	*Life*	7,152	4,911
	55 – 59	*Benefit*	8,399	4,911
	60 – 64	*Only*	10,047	4,911
MEDICARE	65 – 69		2,674	2,760
	70 – 74		3,376	2,760
	75 – 79		3,945	2,760
	80 – 84		4,613	2,760
	85 +		4,981	2,760

**Drug coverage ends upon attainment of age 65*

Marriage: For both actives and inactives, 80% of the population is assumed married. Spouses are assumed to be the same age as the employee. For retirees with full coverage, the surviving spouse is assumed to elect full coverage.

Participation: For current active employees, 15% are assumed to elect full coverage. 85% are assumed to elect free coverage.

Death Benefit: The cost is calculated as an annual mortality expense.

Other Assumptions: All inactives in the OPEB data are assumed to be retired employees (i.e. no surviving Spouses)

Service is calculated as elapsed time from date of hire rounded to the nearest year.

Active records in the OPEB data missing in the pension valuation data were assumed to be hired halfway between the pension data valuation date (7/1/2019) and the current valuation date (12/31/2019), i.e. the actuary assumed each such record was hired 10/1/2019.

Changes since Prior Valuation:

Claims were updated to reflect more recent experience.

The medical, drug, and retiree contribution trend assumptions were updated using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions released in October 2010 and updated in September 2019.

Effect of 1% increase (over all years) in assumed health care cost trend rate – The health care cost-trend rate assumption (see Note B) has a significant effect on the amounts reported in the accompanying financial statements. If the assumed rates increased by one percentage point in each year, it would increase the obligation as of December 31, 2019 and 2018, by $540,797, and $518,784, respectively.

NOTE E – ACTUARIAL METHODS AND ASSUMPTIONS (continued)

Valuation Census is as follows:

	12/31/2019	12/31/2018
RETIREES		
BASED ON ACTUAL BENEFIT RECIPIENTS		
FULL COVERAGE	17	17
FREE COVERAGE	24	35
	41	52
ACTIVES FULLY ELIGIBLE	90	77
ACTIVES NOT YET FULLY ELIGIBLE	472	519
TOTAL IN THE VALUATION	603	648

Postretirement Benefit Obligation as of December 31:

	2019	2018
RETIREES AND BENEFICIARIES	$ 601,212	$ 654,689
FULLY ELIGIBLE ACTIVE EMPLOYEES	673,514	606,052
OTHER ACTIVE	1,696,545	1,597,238
TOTAL POSTRETIREMENT BENEFIT OBLIGATIONS	$ 2,971,271	$ 2,857,979
POSTRETIREMENT BENEFIT OBLIGATION WITHOUT CONSIDERING RETIREE CONTRIBUTIONS	7,724,327	7,515,232

NOTE F – HIGHLIGHTS OF PLAN PROVISIONS

Employee Eligibility: The member must go directly from active status to retired status and receive a pension under the union's plan.

Retirement Eligibility: Under the union's pension plan, normal retirement eligibility is age 65 with 5 or more years of covered employment. Early retirement eligibility is age 60 with 10 or more years of covered employment.

Retiree Contribution: Retirees who elect full coverage pay a portion of the cost, as determined by the Trustees. For 2018, the retiree premium is $4,911/year per retiree under age 65 and $2,760 per retiree over age 65. Retirees who elect free coverage receive the life insurance benefit only.

NOTE F – HIGHLIGHTS OF PLAN PROVISIONS (continued)

Retiree Medical Benefit:

Full Benefit Requiring Retiree Payment:

Hospital benefits:		60 days paid in full.
Surgical benefits:		per schedule, up to $5,000.
Physician visits:		$25
	Excess amount covered by Major Medical	
	Deductible:	$100 individual; $200 family
	Coinsurance:	20% / 80%
	Annual Maximum:	$150,000 per person
	Lifetime Maximum:	None
Prescription Drugs:	Generic only,	$10 copay, $10,000 annual maximum
Dental:	up to	$700 per family per year.
Mental Health:	Inpatient:	7 days at 80%
	Outpatient:	20 visits per year at 50%, up to $50 per visit.

Surviving Spouse Benefit: Surviving spouse may continue coverage until death, if the member elected full coverage. Upon the death of the member, a death benefit of $1,000 under the free coverage, $5,000 under the full coverage, is paid to the surviving spouse (or retiree's estate if there is no surviving spouse).

Death Benefit: There is no retiree contribution for this death benefit.

Changes since prior valuation: None

NOTE G – OTHER MATTERS

A. Vacation Benefits due to Participants – Vacation benefits are accumulated for a twelve month period ending September 30 (distribution year) in co-mingled investments of the Plan. During late November or early December of each year, the contributions accumulated during the distribution year are paid to the Plan participants.

   At December 31, undistributed vacation benefits consist of contributions received for hours worked during the months of October through December 2019 and 2018. In accordance with Statement of Position 92-6, a liability for vacation benefits payable is not included in the financial statements. Vacation benefits due to participants and included in net assets available for benefits as of December 31, 2019 and 2018 amounted to $307,202 and $233,319, respectively.

NOTE G – OTHER MATTERS (continued)

B. Plan Termination – The plan may be terminated only by joint agreement between the participating employers and Carpenters Local Union No. 491, subject to the provisions of ERISA. In the event the Plan terminates, net assets are to be used to provide for the payment of any and all obligations of the Fund. Such payment shall be for the exclusive benefit of the employees, their families, dependents or beneficiaries, and the administrative expenses of the Fund.

NOTE H – RISKS AND UNCERTAINTIES

The plan 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 a least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

The actuarial present value of benefit obligations is reported based on certain assumptions pertaining to interest rates, health care inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

The Carpenters Local Union No. 491 Health and Welfare Plan is not a guaranteed benefit and the trustees can change the benefit provisions at any time. Should situations occur that would negatively impact the plan, the trustees could modify the benefits payable to participants, attempt to increase the collectively bargained agreed upon employer contribution, or require the participants to contribute a certain dollar amount toward their health and welfare benefits.

NOTE I – RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500

The following is a reconciliation of net assets available for benefits per the accompanying financial statements to the Schedule H of Form 5500:

	December 31,	
	2019	2018
Net assets available for benefits per the financial statements	$ 11,331,914	$ 10,431,633
Benefit obligations currently payable (vacation benefits)	(307,202)	(264,106)
Benefit obligations currently payable (health claims)	(541,000)	(448,900)
Net assets available for benefits per Schedule H of Form 5500	$ 10,483,712	$ 9,718,627

NOTE I – RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H OF FORM 5500 (continued)

The following is a reconciliation of benefits paid to participants per the financial statements to Schedule H of Form 5500 for the years ended December 31, 2019 and 2018:

	2019	2018
Benefits paid to participants per the financial statements	$ 5,555,917	$ 4,828,631
Add: Health claims payable at end of year	541,000	448,900
Less: Health claims payable at beginning of year	(448,900)	(258,400)
Add: Vacation benefits payable at end of year	307,202	264,106
Less: Vacation benefits payable at beginning of year	(264,106)	(251,084)
Benefits paid to participants per Schedule H of Form 5500	$ 5,691,113	$ 5,032,153

Amounts currently payable to or for participants, dependents, and beneficiaries are recorded on Schedule H of Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not yet paid as of that date.

NOTE J – PLAN NAME CHANGE

The name of the Plan and Trust was changed to the Carpenters Local Union No. 491 Health & Welfare Plan and Carpenters Local Union No. 491 Health & Welfare Trust effective January 1, 2004. The previous name of the Plan and Trust was Cabinetmakers Local No. 974 and Carpenters Local No. 1110 Health & Plan liabilities for claims payable have been determined by the records of the Plan.

NOTE K – CONCENTRATION OF CREDIT RISK

Cash is maintained in accounts at federally insured financial institutions. Cash balances exceeded the Federal Deposit Insurance Corporation Limit (FDIC) of $250,000, in the amount of $880,170 and $1,197,310, as of December 31, 2019 and 2018, respectively.

NOTE L – TAX EXEMPT STATUS

The Internal Revenue Service (IRS) has determined and informed the Carpenters Local Union No. 491 Health & Welfare Plan by a letter dated December 28, 1989, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of IRC.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to December 31, 2016.

NOTE M – SUBSEQUENT EVENTS

Events that occur after the date of the financial statements but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of this statement of net assets available date are recognized in the accompanying financial statements. On March 11, 2020, the World Health Organization characterized coronavirus (COVID-19) as a pandemic, and on March 13, 2020, the President of the United States declared a national emergency relating to the disease. In addition to the President's declaration, state and local authorities have recommended social distancing and have imposed quarantine and isolation measures on large portions of the population including mandatory business reductions and closures. These measures are designed to protect the overall public health, however, are expected to have adverse material impacts on domestic and foreign economies and may result in the United States entering a period of recession. The trade show industry has been adversely impacted by the pandemic, with very few, if any, shows being held. This has resulted in a large reduction of the Carpenters Local Union No. 491 member work hours and a corresponding reduction in employer contributions to the Health and Welfare Plan. The Health and Welfare Plan has a recommended minimum of 11.5 months of funds in reserve and has a projected amount of 20.4 months in reserve at the ended of 2020, which is significantly above the recommended minimum. These projected reserves could change based on how the pandemic affects the Plans investments and contributions to the Plan. Global equity markets have experienced volatility, and it is unclear what will occur in the future because of COVID-19 effects. While governments and central banks have reacted to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear. It is difficult to predict when the pandemic will be over and when the trade show industry will begin to have shows operating again. The Plan trustees are hoping for the trade show industry to begin operating again to some extent sometime in 2021. The Plan trustees will continue to monitor the Health and Welfare Plans reserves and do whatever it considers necessary to enable the Plan to continue operating as a going concern and provide members with health and welfare benefits. The above events are considered non-adjusting events and therefore are not reflected in the December 31, 2019 financial statements of the Carpenters Local Union No. 491 Health and Welfare Plan.

CARPENTERS LOCAL UNION NO. 491 HEALTH & WELFARE PLAN
SCHEDULES OF BENEFITS PAID AND OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
BENEFITS PAID TO PARTICIPANTS		
Death	$ -	$ 17,500
Disability	28,500	24,172
TOTAL DEATH AND DISABILITY	28,500	41,672
Dental	129,841	29,989
Drugs	787,012	335,754
Emergency	204,106	155,554
Hospital	1,715,741	1,645,192
Major Medical	333,143	267,246
Medical	1,006,285	970,135
Optical	10,609	13,248
PPO Fees	33,630	33,616
PCORI fee	2,455	2,247
Surgical	178,118	206,765
TOTAL HEALTHCARE	4,400,940	3,659,746
Vacation	1,126,477	1,127,213
TOTAL BENEFITS PAID TO PARTICIPANTS	5,555,917	4,828,631
ADMINISTRATIVE EXPENSES		
Actuary	20,000	27,475
Audit	18,000	18,000
Conference expense	3,900	-
Contract administrator	134,723	130,489
Consulting fees	-	3,000
Dues	532	622
Employer audits	7,266	1,937
FICA Expenses	2,180	1,849
Fiduciary fees	865	1,794
Hospital reviews	110,773	66,066
Pharmacy consulting	-	1,512
Insurance	9,023	8,982
Legal fees	92,030	65,764
Meeting expense	736	485
Office expense	163	-
Postage	3,540	2,096
Printing	2,400	6,838
Stop loss insurance	247,243	231,158
Stop loss insurance - refund	-	(173,179)
TOTAL ADMINISTRATIVE EXPENSES	653,374	394,888
TOTAL DEDUCTIONS	$ 6,209,291	$ 5,223,519

See accompanying notes to financial statements.

CARPENTERS LOCAL UNION NO. 491 HEALTH & WELFARE PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENTS PURPOSES AT END OF YEAR
E.I.N. 52-1252611 PLAN 501
SCHEDULE H, PART IV, LINE 4i
2018 FORM 5500
DECEMBER 31, 2019

(a)	(b) Identity of issue	(c) Description		(d) Cost		(e) Current value
	Madison Bank Account 0460000618					
		Cash interest bearing	$	265,098	$	265,098
	Amalgamated Bank of Chicago Custodian Account 1554889001					
		Goldman Financial Square Treasury Obligation	$	156,609	$	156,609
		Dodge & Cox Income Fund		1,745,448		1,843,573
		Legg mason Western Asset Core Plus Bond Fund Inst Class		1,766,300		1,879,985
		American Europacific Growth Class R6		450,357		546,332
		Fidelity Extended Market Index Fund		429,456		521,959
		Vanguard 500 Index Fund		1,263,262		1,620,973
		Vanguard Total Bond Market Index Fund		3,398,775		3,588,706
		Subtotal		9,210,207		10,158,137
		Total	$	9,475,305	$	10,423,235

Note: column (a) is blank as there are no parties of interest

See accompanying notes to financial statements.

CARPENTERS' LOCAL UNION NO. 491 HEALTH & WELFARE PLAN
SCHEDULE OF REPORTABLE TRANSACTIONS
FORM 5500, SCHEDULE H, LINE 4j
E.I.N. 52-1252611 PLAN 501
DECEMBER 31, 2019

Transaction date	Identity of party involved	Description of asset	Shares	Purchase price	Selling price	FMV at 12/31/19 or purchase cost of asset	Net gain or (loss)

No reportable transactions.

See accompanying notes to financial statements.