United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund (The Fund)

2024 Audit Summary

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ADVISORY TAX AUDIT

HLB
WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

Status and Results of Our Audit

- We have substantially completed our audit of the Fund as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America.
- Our objective was to obtain reasonable assurance that the financial statements are free from material misstatements.
- Our audit does not relieve management or those charged with governance of their responsibilities.
- The financial statements were prepared on the accrual basis of accounting.
- Our report will express an unmodified (“clean”) opinion on the financial statements.

Financial Statement Summary – Health and Welfare Fund

Statements of Net Assets Available for Benefits

	2024	2023
Assets		
Cash and cash equivalents	$ 1,403,562	$ 2,711,474
Investments at fair value		
U.S. government and municipal securities	1,007,930	964,167
Corporate and municipal bonds	1,103,800	1,067,222
Total Investments at fair value	2,111,730	2,031,389
Receivables		
Employers' contributions	886,440	864,597
Prescription rebates	529,927	519,625
Accrued interest	20,186	22,693
Other	22,698	27,642
Total Receivables	1,459,251	1,434,557
Prepaid expenses	54,307	21,072
Total assets	5,028,850	6,198,492
Liabilities		
Payables		
Accounts payable and accrued expenses	150,098	232,425
Employer deposits	133,142	133,142
Total payables	283,240	365,567
Total liabilities	283,240	365,567
Net assets available for benefits	$ 4,745,610	$ 5,832,925

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Financial Statement Summary – Health and Welfare Fund

Statements of Changes in Net Assets Available for Benefits

	2024	2023
Additions		
Contributions		
Employers	$ 8,365,886	$ 10,366,807
Participants	1,251,380	1,028,027
Total contributions	9,617,266	11,394,834
Investment income, net		
Net appreciation (depreciation) in fair value of investments	(5,723)	46,842
Interest income	165,711	384,468
Investment expenses	(8,972)	(6,272)
Total investment income, net	151,016	425,038
Other income	33,558	27,245
Total additions	9,801,840	11,847,117
Benefits	9,980,796	9,441,144
Claims processing and other fees	291,450	321,142
Administrative expenses		
Contract Administrator fees	215,499	194,522
Affordable Care Act fees	3,777	4,473
Legal fees	183,133	205,669
Conference and meeting expenses	-	4,547
Audit fees	56,902	54,880
Actuary fees	12,520	24,989
Postage, printing and supplies	23,009	24,524
Bonding and insurance	39,377	35,710
Telephone	1,767	1,322
Consulting fees	70,437	75,014
Miscellaneous	10,488	9,042
Total administrative expenses	616,909	634,692
Net (decrease) increase	(1,087,315)	1,450,139
Net assets available for benefits		
Beginning of year	5,832,925	4,382,786
End of year	$ 4,745,610	$ 5,832,925

Schedules of Employer Contributions

	2024	2023
Employer Contributions		
Associated Administrators, LLC	$ 26,019	$ 28,188
Metro	2,487,098	2,812,682
Shoppers Food Warehouse	5,852,769	7,525,937
Total employer contributions	8,365,886	10,366,807
Individual participant contributions	1,251,380	1,028,027
Total contributions	9,617,266	11,394,834

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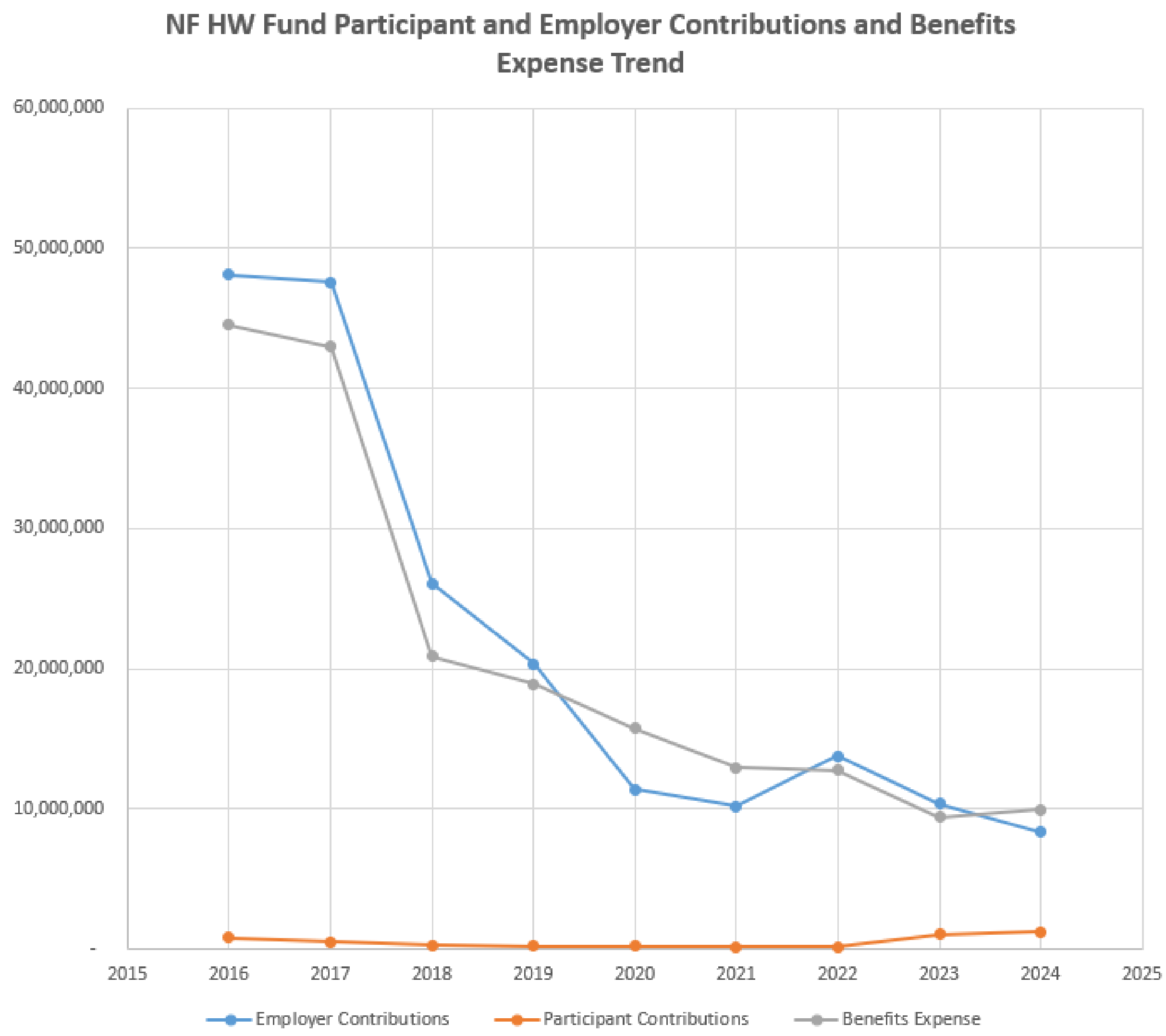
Schedules of Benefits

Schedules of Benefits	**2024**	**2023**
Medical benefits paid directly by the Plan		
Health claims	$ 6,080,209	$ 5,753,285
Accident and sickness	341,389	323,276
Total medical benefits paid directly by the Plan	6,421,598	6,076,561
Benefits paid to service providers		
Pharmaceutical		
Optum Rx	2,456,800	2,123,193
Optical		
Fidelity	47,939	51,691
Mental health and substance abuse benefits		
Value options	40,001	93,584
Total benefits paid to service providers	2,544,740	2,268,468
Insurance premiums		
Dental		
Group Dental Services, Inc.	352,787	383,589
Health maintenance organizations		
Kaiser Permanente	631,420	680,910
Life, AD&D insurance		
MetLife	30,251	31,616
Total insurance premiums	1,014,458	1,096,115
Total Benefits	9,980,796	9,441,144

Contributions and Benefits Expense Trend



Required Audit Communications

Required Audit Communications

We are required by professional auditing standards to communicate the following matters to the individuals responsible for the oversight of the financial reporting process:

REQUIRED COMMUNICATIONS	COMMENTS
Auditor's Responsibilities	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. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities. We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.
Our judgments about the quality of significant accounting policies and changes in significant accounting policies	Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Fund is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Management's judgments and accounting estimates	The financial statements contain estimates; therefore, actual results may differ from those estimates. Management's more significant judgments and estimates include the following: • Management estimates of the postretirement benefit obligation that is determined with the assistance of an independent third-party actuary using plan data, actuarial methods and assumptions. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Required Audit Communications (cont.)

REQUIRED COMMUNICATIONS	COMMENTS
Consultation with other accountants	We are not aware of such consultations between management and other accountants.
Responsibility for information in other documents containing audited financial statements and auditors' report	Management is responsible for informing us on a timely basis about other published information, which will include the audited financial statements. We are responsible for reading the document in its entirety and ensuring that there is no information contradictory to the financial statements or knowledge gained during the conduct of our audit. Management has not informed us of this for the 2024 financial statements.
Major issues discussed with management prior to retention	None to report.
Difficulties encountered in performing the audit, irregularities or illegal acts	We are not aware of any fraud or any illegal acts involving senior management or any fraud or illegal acts that are material to the financial statements.
Material weaknesses in the internal control environment over financial reporting	None to report.
Disagreements with management	None to report.
Independence	Relating to our audit of the financial statements of the Fund as of December 31, 2024 and for the year then ended, we are independent certified public accountants with respect to the Fund within the meaning of the applicable published rules and regulations of the American Institute of Certified Public Accountants' Code of Professional Conduct and its interpretations and rulings. We are not aware of any relationships between WithumSmith+Brown, P.C. and the Fund, that, in our professional judgment, may reasonably be thought to bear on our independence.

Areas of Audit Emphasis

Below is a summary of some key areas over which audit procedures were performed and the results of those procedures:

AUDIT AREA/SIGNIFICANT RISKS	PROCEDURES & CONCLUSION	COMMENTS
Cash and Investments and fair value measurements	We performed substantive procedures over bank reconciliations, significant cash related transactions and disbursements. We tested the existence and valuation of investments verifying the investments held are appropriately valued, disclosed and classified, including amounts due to or from the broker at year-end. We inquired about investment related policies and management of the account.	No findings noted.
Revenue and Receivables	We performed substantive testing over, employer and participant contributions, and other miscellaneous income as well as testing the related receivables outstanding. Analytical procedures were performed where there were relationships to the revenues and other financial accounts.	No findings noted.
Accounts payable, accrued expenses and expenditure cutoff	We performed substantive testing over expenditures including cutoff procedures to ensure that expenditures are reported in the period in which they were incurred, are properly charged to an appropriate expense account, and are supported by appropriate documentation.	No findings noted.
Benefits Paid and Administrative Expenses	We performed substantive testing over benefits paid, claims incurred, IBNR claims, and administrative expenses. Analytical procedures were performed where there were relationships to the revenues and other financial accounts.	No findings noted.
Fraud, illegal acts and noncompliance	We performed inquiry procedures, disbursement testing procedures and other substantive procedures to address the risk of fraud, illegal acts and noncompliance noting no issues.	No findings noted

Final Items of Discussion

ITEM	DETAILS
Payroll Audit Compliance Program	There were no payroll audits performed on contributing employers during 2024 and 2023. We observed that the Fund do not have a system of internal controls in place to determine that all employee and employer contributions due to the Plan are received and to verify that information received from participating employers, including census information used for administration of eligibility, participation and regulatory compliance, is complete and accurate. Such internal controls may consist of payroll audits or other alternate procedures to verify the completeness and accuracy of participant data and contributions provided by employers. We recommend that management implement a payroll compliance audit program to make sure participant information is complete and includes the entire population of eligible and participating participants.

Questions?