United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund

2025 Audit Summary

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ADVISORY TAX AUDIT

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, 2025, 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.

2025 at a glance

The Fund moved from a prior-year deficit to a positive change in net assets.

ENDING NET ASSETS	TOTAL CONTRIBUTIONS	BENEFITS PAID	NET CHANGE
$5.75M	**$11.56M**	**$9.76M**	**$1.01M**
Up $1.01M, or 21.2%	Up $1.94M, or 20.2%	Down $0.22M, or 2.2%	2024: $(1.09)M

What drove the improvement

Contribution growth	**+$1.94M**
Lower benefit payments	**+$0.22M**
Higher investment income	**+$0.04M**
Higher administration and other changes	**partially offset gains**

Takeaways

The 2025 improvement was primarily contribution-led. Sustainability depends on whether contribution growth is recurring and how benefit costs develop.

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AUDIT TAX ADVISORY

Financial Statement Summary – Health and Welfare Fund
Statements of Net Assets Available for Benefits

	2025	2024
Assets		
Cash and cash equivalents	$ 2,090,608	$ 1,403,562
Investments at fair value		
U.S. government and municipal securities	1,062,558	1,007,930
Corporate and municipal bonds	1,166,969	1,103,800
Total Investments at fair value	2,229,527	2,111,730
Receivables		
Employers' contributions	1,148,971	886,440
Prescription rebates	481,728	529,927
Accrued interest	23,033	20,186
Other	22,873	22,698
Total Receivables	1,676,605	1,459,251
Prepaid expenses	20,396	54,307
Total assets	6,017,136	5,028,850
Liabilities		
Payables		
Accounts payable and accrued expenses	131,412	150,098
Employer deposits	133,142	133,142
Total payables	264,554	283,240
Total liabilities	264,554	283,240
Net assets available for benefits	$ 5,752,582	$ 4,745,610

Financial Statement Summary – Health and Welfare Fund

Statements of Changes in Net Assets Available for Benefits

	2025	2024
Additions		
Contributions		
Employers	$ 10,262,410	$ 8,365,886
Participants	1,299,627	1,251,380
Total contributions	11,562,037	9,617,266
Investment income, net		
Net appreciation (depreciation) in fair value of investments	64,473	(5,723)
Interest income	134,364	165,711
Investment expenses	(9,591)	(8,972)
Total investment income, net	189,246	151,016
Other income	1,086	33,558
Total additions	11,752,369	9,801,840
Deductions		
Benefits	9,760,310	9,980,796
Claims administration fees	267,551	291,450
Administrative expenses		
Contract Administrator fees	218,947	215,499
Affordable Care Act Fees	3,800	3,777
Legal fees	251,122	183,133
Audit fees	57,960	56,902
Actuary fees	21,900	12,520
Postage, printing and supplies	20,460	23,009
Bonding and insurance	38,637	39,377
Telephone	1,096	1,767
Consulting fees	83,564	70,437
Miscellaneous	20,050	10,488
Total administrative expenses	717,536	616,909
Total deductions	10,745,397	10,889,155
Net change in net assets available for benefits	1,006,972	(1,087,315)
Net assets available for benefits		
Beginning of year	4,745,610	5,832,925
End of year	$ 5,752,582	$ 4,745,610

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Schedules of Employer Contributions

	2025	2024
Employer contributions		
Associated Administrators, LLC	$ 35,054	$ 26,019
Metro	3,235,978	2,487,098
Shoppers Food Warehouse	6,991,378	5,852,769
Total employer contributions	10,262,410	8,365,886
Individual participant contributions	$ 1,299,627	$ 1,251,380
Total contributions	$ 11,562,037	$ 9,617,266

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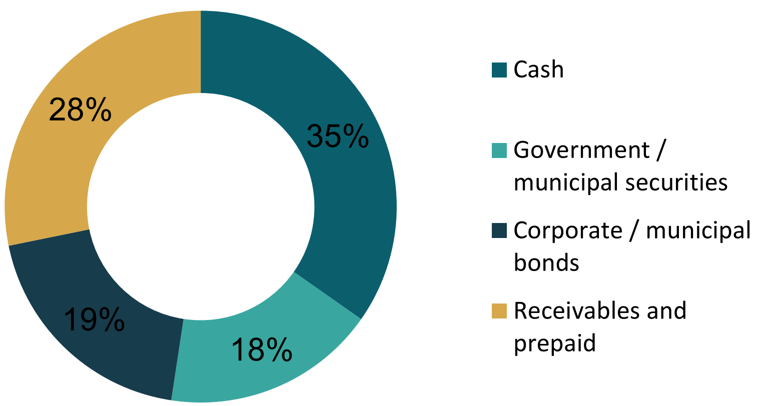
Schedules of Benefits

	2025	2024
Schedules of Benefits		
Medical benefits paid directly by the Plan		
Health claims	$ 5,882,959	$ 6,080,209
Accident and sickness	282,344	341,389
Total medical benefits paid directly by the Plan	6,165,303	6,421,598
Benefits paid to service providers		
Pharmaceutical		
Optum Rx	2,487,001	2,456,800
Optical		
Fidelity	46,220	47,939
Mental health and substance abuse benefits		
Value options	66,191	40,001
Total benefits paid to service providers	2,599,412	2,544,740
Insurance premiums		
Dental		
Group Dental Services, Inc.	348,307	352,787
Health maintenance organizations		
Kaiser Permanente	613,679	631,420
Life, AD&D insurance		
MetLife	33,609	30,251
Total insurance premiums	995,595	1,014,458
Total benefits	$ 9,760,310	$ 9,980,796

Liquidity strengthened, with a conservative investment profile

Cash and investments totaled $4.32 million at year-end; all fair-value investments were classified as Level 2.

CASH	INVESTMENTS	CASH + INVESTMENTS	LEVEL 2
$2.09M	**$2.23M**	**$4.32M**	**100%**
Up 49.0%	Up 5.6%	About 5.3 months of benefits	No Level 3 holdings



Investment profile

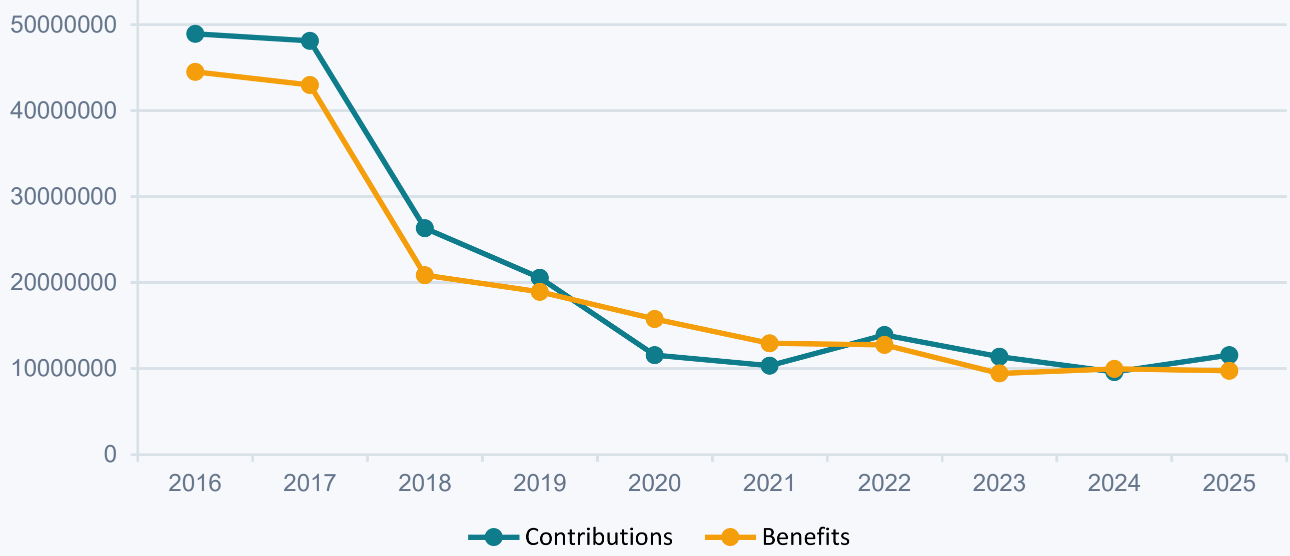
The portfolio consists of government, municipal and corporate debt instruments. Fair values rely on observable Level 2 inputs.

Contributions and Benefits Expense Trend

Both series declined substantially, with the relationship fluctuating in recent years.

2025 CONTRIBUTIONS	2025 BENEFITS	2025 SURPLUS	YEARS BENEFITS > CONTRIB.
$11.6M	$9.76M	$1.80M	3

ANNUAL CASH FLOWS



Lower scale

Contributions declined 76.4% and benefits declined 78.1% from 2016 to 2025.

Recent balance

Benefits exceeded contributions in 2020, 2021, and 2024. Contributions were $1.80M above benefits in 2025.

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, 2025 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

Questions?