**UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND**

**Financial Statements**

**December 31, 2020 and 2019**

**With Independent Auditor's Report**

# United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund
# Table of Contents
# December 31, 2020 and 2019

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund:

### Report on the Financial Statements

We have audited the accompanying financial statements of the United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019 and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to 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 audits 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 entity'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 entity'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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund as of December 31, 2020 and 2019, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DATE

**United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund**
**Statements of Net Assets Available for Benefits**
**December 31, 2020 and 2019**

| | 2020 | 2019 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 4,960,517 | $ 9,321,414 |
| Investments at fair value | | |
| U.S. government and agency securities | 724,604 | 732,026 |
| Corporate bonds | 1,359,914 | 1,219,922 |
| Total investments | 2,084,518 | 1,951,948 |
| Receivables | | |
| Employers' contributions | 786,447 | 1,710,240 |
| Prescription rebates | 642,858 | 669,545 |
| Accrued interest | 11,729 | 23,248 |
| Due from pension fund | 20,175 | - |
| Other | 19,977 | 59,336 |
| Total receivables | 1,481,186 | 2,462,369 |
| Prepaid expenses | 19,757 | 90,038 |
| Total assets | 8,545,978 | 13,825,769 |
| **Liabilities** | | |
| Accounts payable and accrued expenses | 103,808 | 132,564 |
| Employer deposits | 133,142 | 133,142 |
| Total liabilities | 236,950 | 265,706 |
| Net assets available for benefits | $ 8,309,028 | $ 13,560,063 |

The Notes to Financial Statements are an integral part of these statements.

## United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund
## Statements of Changes in Net Assets Available for Benefits
## Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| **Additions** | | |
| Contributions | | |
| Employers | $ 11,393,112 | $ 20,367,954 |
| Participants | 193,666 | 197,363 |
| Total contributions | 11,586,778 | 20,565,317 |
| Investment income | | |
| Net appreciation in fair value of investments | 65,423 | 60,533 |
| Interest and dividends | 94,841 | 232,572 |
| Investment expenses | (9,637) | (8,486) |
| Net investment income | 150,627 | 284,619 |
| Other income | 22,775 | 22,500 |
| Total additions | 11,760,180 | 20,872,436 |
| **Deductions** | | |
| Benefits | 15,767,725 | 18,919,312 |
| Claims administration fees | 552,556 | 655,692 |
| Administrative expenses | | |
| Contract administrator fees | 325,137 | 374,333 |
| Affordable Care Act fees | 7,854 | 9,854 |
| Legal fees | 158,801 | 83,857 |
| Conference and meeting expenses | - | 4,795 |
| Audit fees | 53,337 | 46,800 |
| Actuary fees | 19,950 | 13,366 |
| Postage, printing, and supplies | 15,763 | 31,998 |
| Bonding and insurance | 35,020 | 62,436 |
| Telephone | 1,751 | 1,351 |
| Consulting fees | 64,000 | 64,000 |
| Miscellaneous | 9,321 | 6,394 |
| Total administrative expenses | 690,934 | 699,184 |
| Total deductions | 17,011,215 | 20,274,188 |
| **Net change in net assets available for benefits** | (5,251,035) | 598,248 |
| **Net assets available for benefits** | | |
| Beginning of year | 13,560,063 | 12,961,815 |
| End of year | $ 8,309,028 | $ 13,560,063 |

The Notes to Financial Statements are an integral part of these statements.

## 1. PLAN DESCRIPTION

### General

The United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund (the "Plan") is a multiemployer health benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Effective September 1, 2012, the Board of Trustees of the Plan approved separation of the health and welfare plan for active participants and the health and welfare plan for retirees by establishment of two separate programs under the Trust. The active program is called the UFCW Unions and Participating Employers Active Health and Welfare Plan and the retiree program is called the UFCW Unions and Participating Employers Retiree Health and Welfare Plan. The assets, liabilities, income and expenses of these two programs are separately accounted for and all activity of these two programs have been combined in the Plan's financial statements.

### Benefits

The Plan covers employees working in jobs covered by the collective bargaining agreements between certain employers and United Food and Commercial Workers Local Unions 400 and 27, and employees of participating employers for which contributions are required to be made to the Plan. The Plan provides benefits such as medical, hospitalization, surgical, mental health/substance abuse, life and accidental death and dismemberment insurance, accident and sickness, prescription drug, dental and optical benefits. Benefit levels vary, and are determined by the amount of the contributions as agreed to in the collective bargaining agreements and participation agreements. Under the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), participants and their dependents may continue their eligibility for benefits under the Plan for a certain period after the occurrence of a qualifying event.

Both full time and part time employees are eligible to participate in this Plan if they are employed by a participating employer and covered by a collective bargaining agreement which provides for contributions for coverage under this Plan. The level of benefits is determined by the amount of contribution.

Eligible retirees may elect health and welfare coverage, including prescription drug coverage, subject to Plan rules and co-payments, if applicable.

Participants should refer to the Summary Plan Description for more complete information.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### Use of 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 the reported amounts of assets, liabilities and benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash equivalents include money market funds valued at the daily closing price as reported by the funds. The money market funds held by the Plan are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The money market funds held by the Plan are deemed to be actively traded.

**Valuation of Investments and Income Recognition**

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 4 on fair value measurements for valuation methodologies in detail. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Net appreciation or depreciation includes the Plan's realized and unrealized gains and losses on investments bought and sold, as well as held during the year.

**Claims Payable and Claims Incurred But Not Reported**

Claims payable represent amounts reported at year-end, which have not yet been paid from the net assets of the Plan. The Plan's obligation for claims incurred by participants but not reported at year end are estimated by the Plan's actuary in accordance with accepted actuarial principles based on claims data provided by the Plan.

**Postretirement Benefit Obligations**

The postretirement benefit obligation as of December 31, 2020 and 2019 represents the actuarial present value of those estimated future benefits that are attributed to employee service rendered to December 31, 2020 and 2019, reduced by the actuarial present value of contributions expected to be received in the future from or on behalf of current Plan participants. Postretirement benefits include future benefits for (1) currently eligible retired 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 is the portion of the expected postretirement benefit that is attributed to that employee's service in the industry rendered to the valuation date. However, as stated under the terms of the Plan, the Trustees and/or collective bargaining parties reserve the right to amend, modify, or terminate the Plan and the benefits provided thereunder, in whole or in part, at any time.

The actuarial present value of the expected benefit obligations is determined by the Plan's actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims cost 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.

**Benefits**

Benefits are recognized when paid.

**Employers' Contributions Receivable**

The Plan reports as employers' contributions receivable contributions due which relate to work periods on or before December 31, but not received by year end. Estimates may be used if remittance reports are not received timely. No allowance for uncollectible accounts has been established, as it is believed that all receivables are collectible.

**Contributions from Participants**
Participant contributions represent COBRA premiums as well as premium copayments received from current retirees. All retirees are required to pay for Medicare Part B when they become eligible for that benefit.

**Newly Adopted Accounting Pronouncements**
In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,* which includes amendments intended to improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements and affects entities that are required to include fair value measurement disclosures. The amendments in this update are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For the year ended December 31, 2020, Plan management adopted the amendments for permitting removed or modified disclosures in accounting principles reflected in ASU No. 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU requires employee benefit plans to adopt the amendments for removed or modified disclosures and adopt the additional disclosures on the effective date of the ASU. Certain amendments are required to be applied prospectively, while others should be applied retrospectively. There were no material effects of the adoption on the Plan's financial statements.

**Subsequent Events**
In preparing these financial statements, management of the Plan has evaluated events and transactions that occurred after December 31, 2020 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through DATE the date that the financial statements were available to be issued, and no items have come to the attention of management that require recognition or disclosure.

## 3. BENEFIT OBLIGATIONS

The Plan reports its benefit obligations in conformity with accounting principles generally accepted in the United States of America. Information regarding amounts currently payable to or for participants, beneficiaries, and dependents for service providers and insurance premiums as of December 31, 2020 and 2019 are determined by the Plan's management. Information regarding amounts incurred but not reported and the present value of the Plan's benefit obligations as of December 31, 2020 and 2019, is determined by the Plan's actuaries. Information regarding the present value of the Plan's benefit obligations as of December 31, is shown below:

| | 2020 | 2019 |
|---|---|---|
| Amounts currently payable to or for participants, beneficiaries, and dependents | | |
| Claims payable and claims incurred but not reported | $ 1,246,404 | $ 1,674,309 |
| Group insurance and service providers payable | 133,428 | 204,220 |
| Total amounts currently payable to or for participants, beneficiaries, and dependents | 1,379,832 | 1,878,529 |
| Benefit obligations | | |
| Current retirees | 54,400,000 | 50,300,000 |
| Other participants fully eligible for benefits | 18,500,000 | 21,000,000 |
| Participants not fully eligible for benefits | 13,100,000 | 17,000,000 |
| Total benefit obligations | 86,000,000 | 88,300,000 |

Information regarding the changes in benefit obligations for the years ended December 31, 2020 and 2019 is shown below:

| | 2020 | 2019 |
|---|---|---|
| Amounts currently payable to or for participants, beneficiaries, and dependents | | |
| Claims payable and claims incurred but not reported | $ 1,246,404 | $ 1,674,309 |
| Group insurance and service providers payable | 133,428 | 204,220 |
| Total amounts currently payable to or for participants, beneficiaries, and dependents | 1,379,832 | 1,878,529 |
| Benefit obligations | | |
| Current retirees | 54,400,000 | 50,300,000 |
| Other participants fully eligible for benefits | 18,500,000 | 21,000,000 |
| Participants not fully eligible for benefits | 13,100,000 | 17,000,000 |
| Total benefit obligations | 86,000,000 | 88,300,000 |
| Total plan benefit obligations | $ 87,379,832 | $ 90,178,529 |

| | 2020 | 2019 |
|---|---|---|
| Amounts currently payable to or for participants, beneficiaries, and dependents | | |
| Balance at beginning of year | $ 1,878,529 | $ 2,223,555 |
| Increase (decrease) during year attributable to | | |
| Changes in claims payable and claims incurred but not reported | (427,905) | (444,137) |
| Changes in group insurance and service providers payable | (70,792) | 99,111 |
| Balance at end of year | 1,379,832 | 1,878,529 |
| Postretirement benefit obligations | | |
| Balance at beginning of year | 88,300,000 | 102,100,000 |
| Increase (decrease) during year attributable to | | |
| Estimated net benefits paid | (2,700,000) | (2,800,000) |
| Changes in actuarial assumptions | 7,300,000 | (13,100,000) |
| Passage of time | 2,900,000 | 3,600,000 |
| Benefits earned | 800,000 | 1,000,000 |
| Other changes | (10,600,000) | (2,500,000) |
| Balance at end of year | 86,000,000 | 88,300,000 |
| Total Plan benefit obligations | $ 87,379,832 | $ 90,178,529 |

Some of the more significant actuarial assumptions used to calculate the benefit obligations at December 31, 2020 and 2019 are as follows:

- Discount Rate – 2.5% for 2020 and 3.25% for 2019.

- Health cost trend for Medical - For 2020, an initial trend rate of 6.0% for 2022 followed by 5.80% for 2023 grading to 3.50% for 2041 and later. For 2019, an initial trend rate of 11.80% for 2021 followed by 5.60% for 2022 grading to 3.30% for 2041 and later.
- Health cost trend for Drug - For 2020, an initial trend rate of 6.00% for 2022 followed by 5.80% for 2023 grading to 3.50% for 2041 and later. For 2019, an initial trend rate of 4.00% for 2021 followed by 5.60% for 2022 grading to 3.30% for 2041 and later.
- Rates of mortality for active and healthy inactive participants - For 2020 and 2019 based on the RP-2000 healthy annuitant mortality table (2014 base year – fully generational with Scale AA).
- Rates of mortality for disabled participants - For 2020 and 2019, based on the RP-2000 disabled annuitant mortality table for ages prior to 65 and the same mortality as healthy inactives for ages 65 and older.
- Rates of retirement: For 2020 and 2019, 5% for ages 55-59, 10% for ages 60-64, 50% for ages 65-66, and 100% for ages 67 and older.

The benefit obligations are reported net of the present value of estimated contributions expected to be paid by retirees of $3,000,000 and $3,100,000 as of December 31, 2020 and 2019, respectively.

The medical trend rate has a significant effect on the amounts reported. If the assumed rates increased by one-percentage point in each year, that would increase the benefit obligations as of December 31, 2020 and 2019 by $13,800,000 and $14,400,000, respectively.

The Plan made prescription drug benefit payments of $4,745,130 and $5,094,343 during the years ended December 31, 2020 and 2019, respectively. The Plan received $56,311 and $98,994 of Medicare subsidies during the years ended December 31, 2020 and 2019, respectively. Medicare subsidies are netted with benefits that are shown on the statements of changes in net assets available for benefits.

## 4. 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:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted market 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 1) quoted prices for similar assets or liability in active markets; 2) quoted prices for identical or similar assets or liabilities in inactive markets; 3) inputs other than quoted prices that are observable for the asset or liability; 4) 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 the liability.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodology used at December 31, 2020 and 2019.

- Certain U.S. government and agency securities are valued based on quoted market prices.
- Certain U.S. government and agency securities, and corporate bonds are valued using quoted prices of similar assets, corroborated market data, indices and/or yield curves.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. 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 end of the reporting period.

Management evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2020 and 2019, there were no transfers in or out of level 3.

As of December 31, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

| | 2020 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total Fair Value** |
| US government and agency securities | $ 413,333 | $ 311,271 | $ - | $ 724,604 |
| Corporate bonds | - | 1,359,914 | - | 1,359,914 |
| Total assets in fair value hierarchy | $ 147,618 | $ 6,485,941 | $ - | $ 2,084,518 |

| | 2019 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total Fair Value** |
| US government and agency securities | $ 147,618 | $ 584,408 | $ - | $ 732,026 |
| Corporate bonds | - | 1,219,922 | - | 1,219,922 |
| Total assets in fair value hierarchy | $ 147,618 | $ 1,804,330 | $ - | $ 1,951,948 |

## 5. 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 at 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 statements 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 estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

Management continues to evaluate the introduction of COVID-19 (the “Virus”) to the United States and its impact on the Plan and has concluded that while it is reasonably possible that the virus could have a negative effect on the Plan’s financial status and changes therein, particularly with regard to investments, the specific impact is not readily determinable as of the date of these financial statements.

## 6. TAX STATUS

The Internal Revenue Service ("IRS") has recognized the trust that holds the assets of the Plan as exempt from federal income taxation under Section 501(a) of the Internal Revenue Code (the "Code"), as described at Section 501(c)(9), and as stated in its latest determination letter received in 1994. The IRS stated the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan has been amended since receiving the determination letter. However, the Plan's Trustees believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken 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 IRS. Management has evaluated the tax positions taken by the Plan and concluded that as of December 31, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. In addition, there have been no tax related interest or penalties for the periods presented in these financial statements.

## 7. PRIORITIES UPON TERMINATION

It is the intent of the Trustees to continue the Plan in full force and effect. However, in order to safeguard against any unforeseen contingencies, the right to discontinue the Plan is reserved by 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 assets to be used for or diverted to purposes other than the exclusive benefit of the participants.

## 8. CONTRIBUTIONS FROM MAJOR EMPLOYERS

Two employers with common ownership accounted for approximately 98% and 99% of total contributions for the years ended December 31, 2020 and 2019, respectively. The parent company of Shoppers has announced plans to divest retail operations in the near future.

## 9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the Plan's net assets available for benefits per the 2020 and 2019 financial statements to Form 5500:

| | 2020 | 2019 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ 8,309,028 | $ 13,560,063 |
| Amounts currently payable to or for participants, beneficiaries, and dependents at end of year | (1,379,832) | (1,878,529) |
| Net assets per Form 5500 | $ 6,929,196 | $ 11,681,534 |

The following is a reconciliation of benefits paid per the financial statements to Form 5500 for the year ended December 31, 2020:

| | | |
|---|---|---|
| Benefits paid per the financial statements | $ | 15,767,725 |
| Amounts currently payable to or for participants, beneficiaries, and dependents at end of year | | 1,379,832 |
| Amounts currently payable to or for participants, beneficiaries, and dependents at beginning of year | | (1,878,529) |
| Benefits paid per Form 5500 | $ | 15,269,028 |

Benefits paid recorded on the Form 5500 include benefit claims that have been processed and approved for payment prior to December 31, 2020 but not yet paid as of that date, and claims incurred but not reported at the end of the Plan year.

## 10. BENEFIT REIMBURSEMENT ARRANGEMENT

The Plan had one employer that negotiated a collective bargaining agreement establishing a 100% benefit reimbursement arrangement, whereby the employer pays all the health benefit costs of its employees, plus an administrative fee. The benefits paid and reimbursements received for 2019 are as follows:

| | | |
|---|---|---|
| Benefits paid | $ | 1,178,775 |
| Reimbursements received | | 1,311,917 |
| Net amounts due to employer | $ | (133,142) |

Benefits paid and reimbursements received or accrued are recorded as benefits and employer contributions, respectively, on the statements of changes in net assets available for benefits. The net amounts advanced by, or due from, the employer are recorded as employer deposits on the statements of net assets available for benefits for 2020 and 2019.

## 11. PARTY-IN-INTEREST TRANSACTIONS

The Plan invests certain assets in investment funds operated by PNC, who is considered a party-in-interest under ERISA. These transactions qualify from exemption from the prohibited transaction rules under ERISA.

## SUPPLEMENTARY INFORMATION

## REPORT ON SUPPLEMENTARY INFORMATION

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund:

We have audited the financial statements of United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund as of and for the years ended December 31, 2020 and 2019, and our report thereon dated DATE, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of contributions and benefits for the years ended December 31, 2020 and 2019 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of 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.

DATE

## United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund
## Schedules of Contributions
## Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| Employer contributions | | |
| Associated Administrators, LLC | $ 37,222 | $ 41,197 |
| Kel Co Federal Credit Union | 110,488 | 114,171 |
| Metro | 3,151,315 | 5,070,860 |
| Safeway | 35,729 | 35,729 |
| Shoppers Food Warehouse | 8,058,358 | 15,099,713 |
| United Food and Commercial Workers Local 400 | - | 6,284 |
| Total employer contributions | 11,393,112 | 20,367,954 |
| Individual participant contributions | 193,666 | 197,363 |
| Total contributions | $ 11,586,778 | $ 20,565,317 |



See Report on Supplementary Information.

**United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund**
**Schedules of Benefits**
**Years Ended December 31, 2020 and 2019**

| | 2020 | 2019 |
|---|---|---|
| Medical benefits paid directly by the Plan | | |
| Health claims | $ 9,513,160 | $ 11,944,773 |
| Accident and sickness | 641,545 | 764,429 |
| Total medical benefits paid directly by the plan | 10,154,705 | 12,709,202 |
| Benefits paid to service providers | | |
| Pharmaceutical | | |
| Optum RX | 3,776,336 | 3,892,861 |
| Optical | | |
| Fidelity | 79,295 | 95,130 |
| Mental health and substance abuse benefits | | |
| Value options | 166,011 | 317,682 |
| Total benefits paid to service providers | 4,021,642 | 4,305,673 |
| Insurance premiums | | |
| Dental | | |
| Group Dental Services, Inc. | 679,982 | 887,310 |
| Health maintenance organizations | | |
| Kaiser Permanente | 862,120 | 947,785 |
| Life, AD&D insurance | | |
| Metlife | 49,276 | 69,342 |
| Total insurance premiums | 1,591,378 | 1,904,437 |
| Total benefits | $ 15,767,725 | $ 18,919,312 |

See Report on Supplementary Information.