United Food and Commercial Workers Unions and Participating Employers Pension Fund

2025 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, 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

Special Financial Assistance transformed the Fund’s year-end asset position.

ENDING NET ASSETS	SPECIAL FINANCIAL ASSISTANCE	NET INVESTMENT INCOME	BENEFITS PAID
$281.0M	**$187.7M**	**$13.1M**	**$15.9M**
Up $186.9M	Received August 25, 2025	2024: $7.0M	Essentially flat

What changed

- Net assets nearly tripled.
- SFA represented 91.7% of 2025 additions.
- Investment income nearly doubled.
- Employer contributions declined 10.3%.

Takeaways

The SFA receipt materially improved available assets, but ongoing oversight should distinguish the one-time assistance from recurring contribution and investment performance.

Financial Statement Summary – Pension Fund

Statements of Net Assets Available for Benefits

	2025	2024
Assets		
Cash	$ 3,951,499	$ 1,337,362
Investments at fair value		
Collective investment funds	194,326,527	20,205,388
Common stocks	16,642,861	16,586,238
Corporate and municipal bonds	20,827,723	12,251,761
Government and government agency securities	920,591	5,400,351
Hedge funds	5,580,362	6,063,132
Pooled separate account	1,763,728	1,817,759
Limited partnerships	26,214,083	27,886,054
Short-term investment funds	8,273,336	2,385,078
Total Investments at fair value	274,549,211	92,595,761
Receivables		
Employer contributions	224,688	389,458
Employer withdrawal contributions	163,968	232,972
Accrued interest and dividend	2,443,801	191,877
Other	25,834	26,432
Total receivables	2,858,291	840,739
Total assets	281,359,001	94,773,862
Liabilities		
Payables		
Accounts payable	237,353	209,575
Due to broker for securities sold	117,516	433,902
Total liabilities	354,869	643,477
Net assets available for benefits	$ 281,004,132	$ 94,130,385

Financial Statement Summary – Pension Fund
Statements of Changes in Net Assets Available for Benefits

	2025	2024
Additions		
Investment income, net		
Net appreciation in fair value of investments	$ 9,440,890	$ 5,968,557
Interest and dividends	4,368,889	1,553,635
Total investment income	13,809,779	7,522,192
Investment expenses	(681,798)	(529,542)
Total investment income, net	13,127,981	6,992,650
Employer contributions	3,860,619	4,304,859
Special Financial Assistance (Note 1)	187,670,305	-
Total additions	204,658,905	11,297,509
Deductions		
Benefits	15,921,433	15,854,974
Administrative expenses		
Actuarial fees	216,556	124,564
Audit fees	57,655	56,150
Contract administrator fees	715,813	691,061
Insurance and bonding	70,026	70,192
Legal fees	315,907	182,104
Pension Benefit Guaranty Corporation premiums	455,871	438,117
Printing, postage and miscellaneous	31,897	25,199
Total administrative expenses	1,863,725	1,587,387
Total deductions	17,785,158	17,442,361
Net change	186,873,747	(6,144,852)
Net assets available for benefits		
Beginning of year	94,130,385	100,275,237
End of year	$ 281,004,132	$ 94,130,385

Schedules of Employer Contributions

	2025	2024
Employer contributions		
Allegany County Human Resources Development Commission, Inc.	$ 54,903	$ 83,882
Associated Administrators. Inc.	394,926	387,027
Metro Food Market	850,745	873,387
Shoppers Food Warehouse	2,128,082	2,548,244
United Food and Commercial Workers Local 27	193,706	184,430
United Food and Commercial Workers Local 400	238,257	227,889
Total Employer contributions	3,860,619	4,304,859

Present Value of Accumulated Plan Benefits

Following is the actuarial present value of accumulated plan benefits as of December 31, 2024.

Vested benefits	
Active participants	$ 35,420,934
Retirees and beneficiaries	131,867,824
Terminated vested	90,930,982
Total vested benefits	258,219,740
Non-vested benefits	375,261
Accumulated benefits	258,595,001
Expected administrative expenses	26,350,831
Total actuarial present value of accumulated plan benefits	$ 284,945,832

The changes in the present value of accumulated plan benefits during the year ended December 31, 2024 were as follows:

Actuarial present value of accumulated plan benefits at beginning of year	$ 276,541,237
Increase (decrease) during the year attributable to	
Benefit accruals	927,615
Benefit payments	(15,854,974)
Increase for interest	17,170,432
Experience (gains) losses	(133,406)
Changes in assumptions	4,327,737
Changes in expected administrative expenses	1,967,191
Net decrease	8,404,595
Actuarial present value of accumulated plan benefits at end of year	$ 284,945,832

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Assets are now close to the disclosed accumulated benefit measure

2025 NET ASSETS

$281.0M

Available for benefits

2024 ACTUARIAL PRESENT VALUE

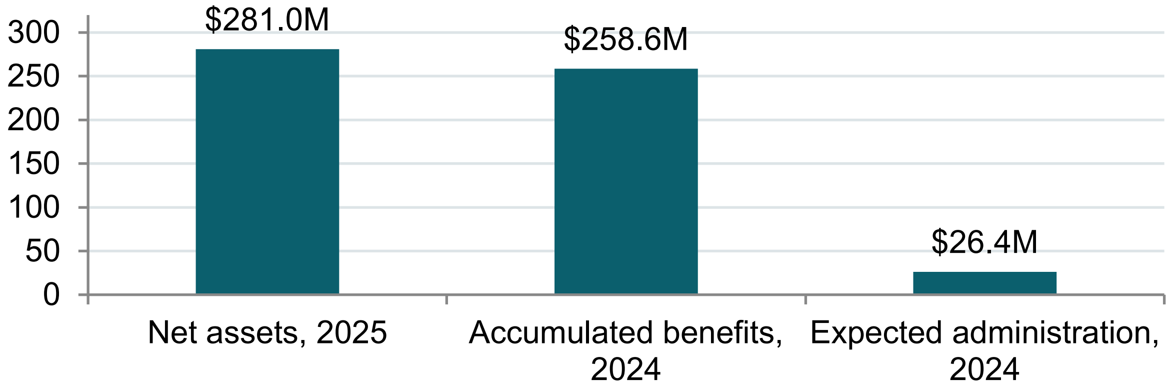
$284.9M

Includes $26.4M expected administration

SIMPLE DIFFERENCE

$(3.9)M

Not a formal funded-status measure

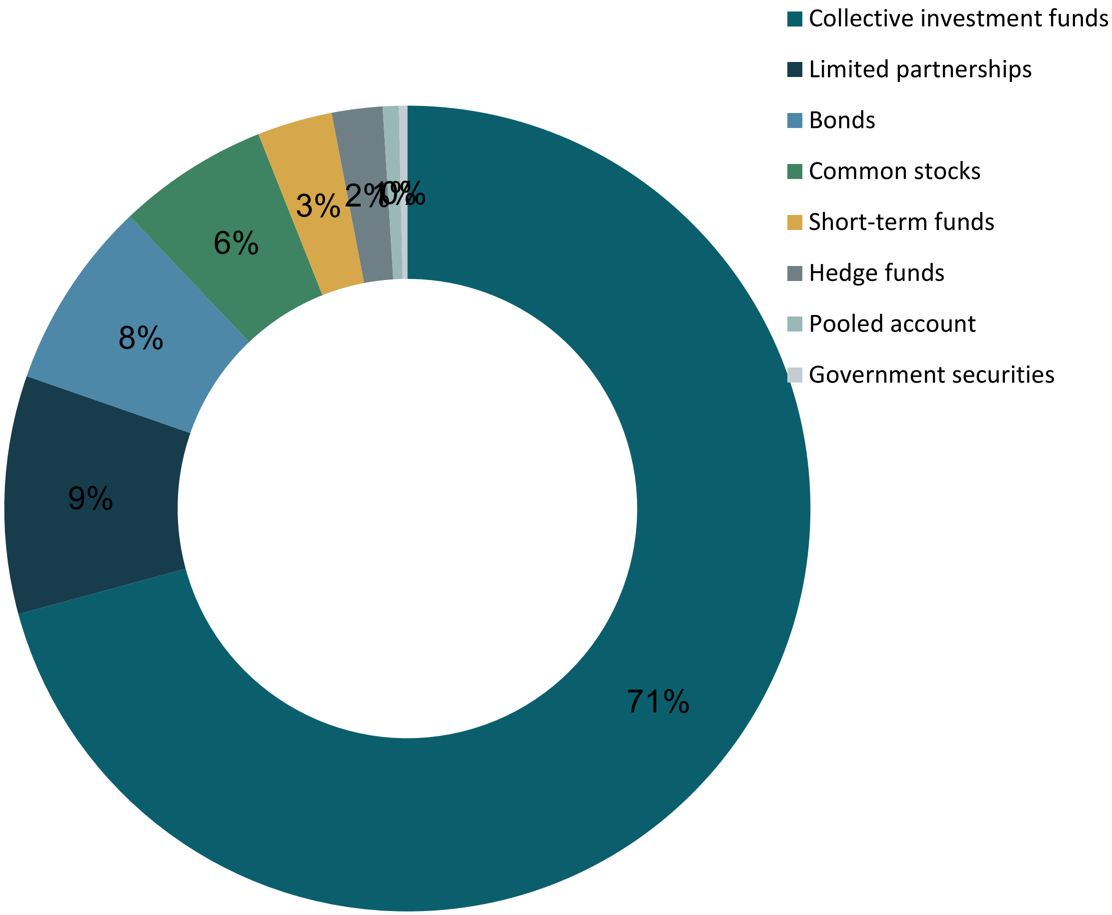


Important context

The actuarial present value as of January 1, 2025 did not include the SFA but was included in projections.

Investment Portfolio

Collective investment funds represented approximately 70.8% of year-end investments.



INVESTMENTS

$274.5M

2024: $92.6M

MEASURED AT NAV

$227.9M

83.0% of investments

Liquidity considerations

Limited partnerships, hedge funds and the pooled separate account include redemption restrictions or outstanding withdrawal requests.

Unfunded commitments

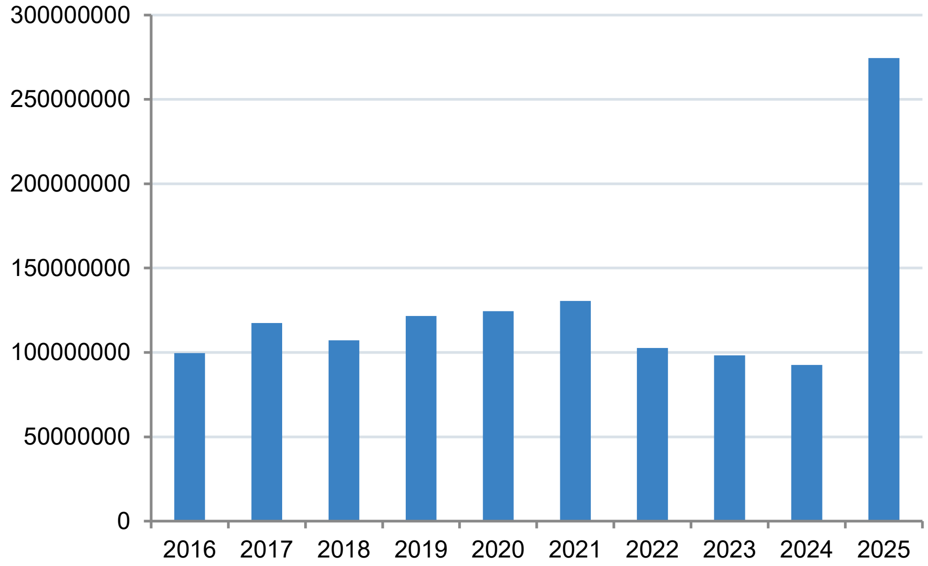
$6.4 million of unfunded commitments were disclosed for limited partnerships.

Investment Expenses as a Percent of Total Investments

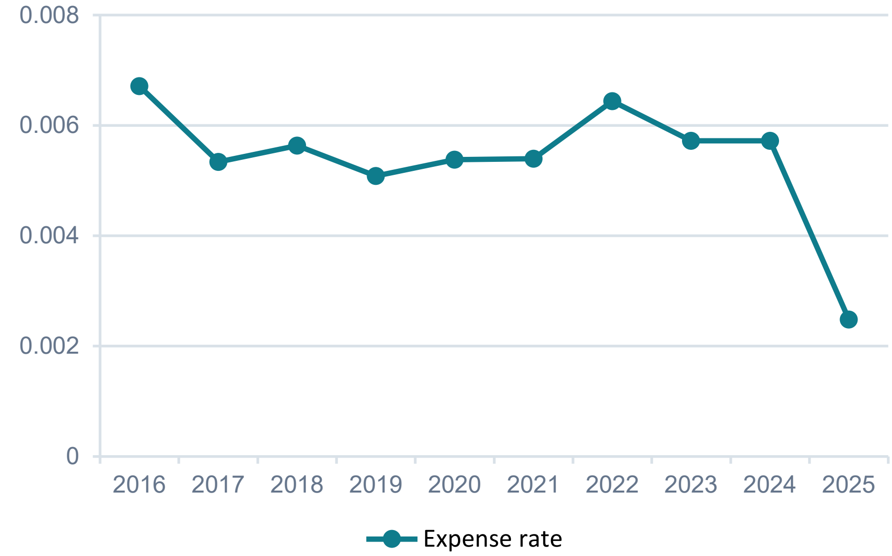
Expense rate declined sharply in 2025 as reported investments increased.

2025 INVESTMENTS	2025 EXPENSE	2025 EXPENSE RATE	RATE VS. 2024
$274.5M	$0.68M	0.25%	-56.6%

TOTAL INVESTMENTS



INVESTMENT EXPENSE RATE



2025 step-change

Investments rose from $92.6M to $274.5M, while expenses increased from $529.5K to $681.8K. The resulting expense rate fell from 0.57% to 0.25%.

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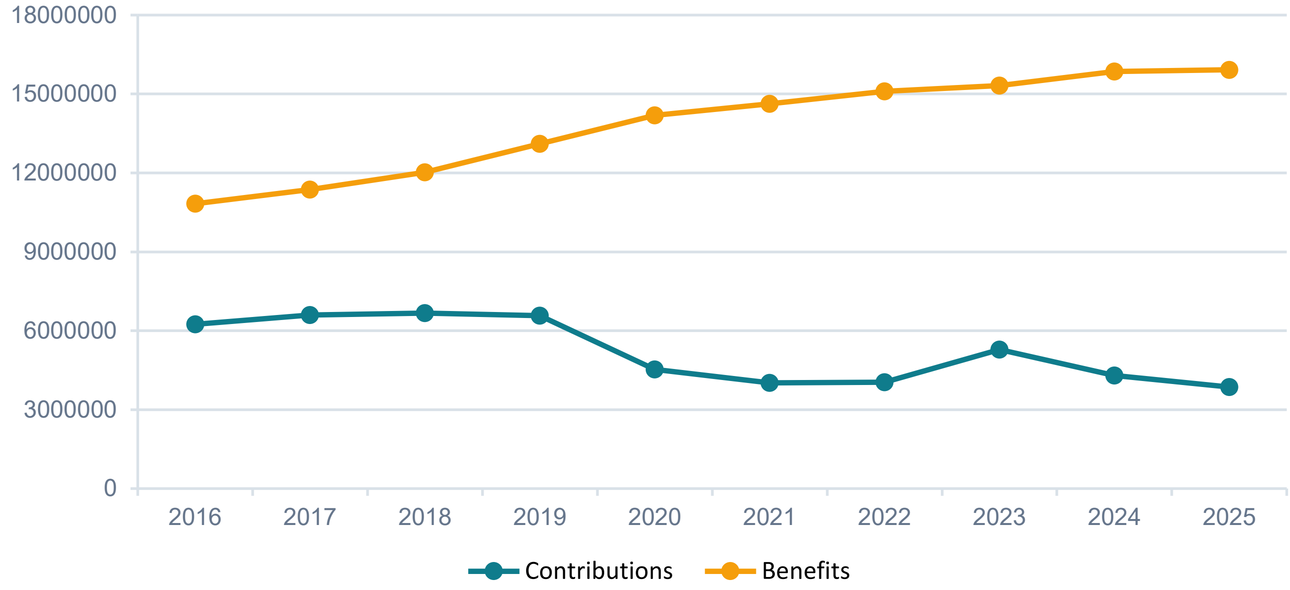
Employer Contributions and Benefits Expense Trend

Benefits rose steadily while annual contributions declined overall.

2025 CONTRIBUTIONS	2025 BENEFITS	2025 SHORTFALL	2016–25 BENEFIT GROWTH
$3.86M	**$15.9M**	**$12.1M**	**47.0%**

ANNUAL CASH FLOWS



Persistent funding gap

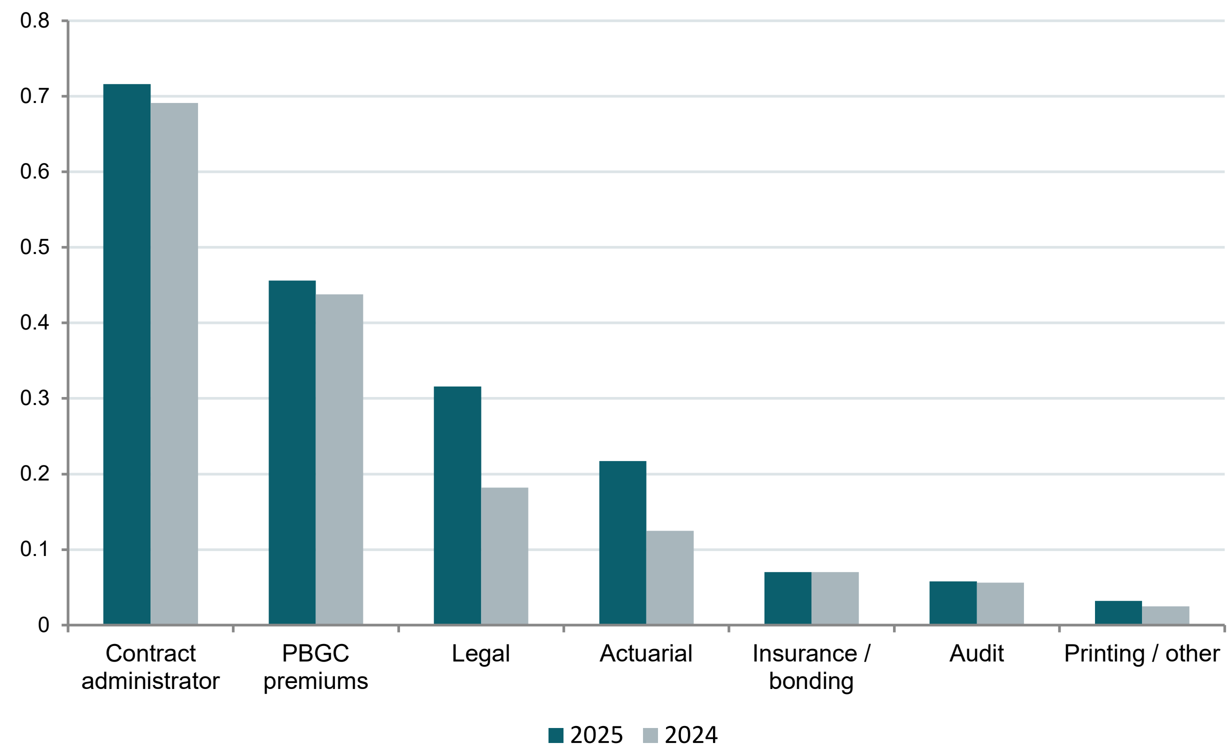
Benefits exceeded contributions in every year shown. The annual gap widened from $4.58M in 2016 to $12.06M in 2025.

Direction of travel

From 2016 to 2025, contributions declined 38.2% while benefits increased 47.0%.

Operating Costs

Administrative expenses increased 17.4%,



ADMINISTRATIVE EXPENSES

$1.86M

Up $276K

CASH AT YEAR-END

$3.95M

Exceeded FDIC-insured limits

Largest increases

Legal fees increased $134K and actuarial fees increased $92K.

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's estimate of the fair value of alternative investments based on information supplied by investment advisors. • Management estimates of the actuarial present value of accumulated plan benefits 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 withdrawal liabilities, 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 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	The payroll audit for Shoppers has been completed and is currently being reviewed by the employer.
Special Financial Assistance Funding	In March 2025, the Fund filed an application for SFA from the PBGC under the American Rescue Plan Act and theapplication was approved on July 24, 2025. SFA in the amount of $187.7 million was received by the Fund onAugust 25, 2025. This is not taken into consideration for the ERISA valuation as of January 1, 2025 but is includedin the projections. SFA assets are managed in accordance with the requirements of the American Rescue Plan, andthe regulations promulgated by the PBGC in 29 CFR Part 4262 (the "SFA Final Rule").

Questions?