

**UNITED FOOD AND COMMERCIAL WORKERS UNIONS
AND PARTICIPATING EMPLOYERS PENSION FUND**
Financial Statements
December 31, 2020 and 2019
With Independent Auditor's Report

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

Independent Auditor's Report	1
Financial Statements	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4-13
Supplementary Information	
Report on Supplementary Information	14
Schedules of Employer Contributions	15

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the United Food and Commercial Workers Unions and Participating Employers Pension Fund (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, 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 audit 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, information regarding the United Food and Commercial Workers Unions and Participating Employers Pension Fund's net assets available for benefits as of December 31, 2020 and 2019, and the changes therein for the years then ended and its financial status as of December 31, 2019, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

WithumSmith+Brown, PC

October 12, 2021

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

	<u>2020</u>	<u>2019</u>
Assets		
Investments - at fair value		
Collective investment funds	\$ 39,346,595	\$ 35,817,645
Common stocks	21,427,407	19,135,825
Corporate and municipal bonds	9,316,104	8,031,370
Government and government agency securities	2,948,501	1,747,306
Hedge funds	9,460,982	9,082,966
Pooled separate account	5,281,670	6,294,835
Limited partnerships	33,253,355	40,060,541
Short-term investment funds	<u>3,377,190</u>	<u>1,435,562</u>
Total investments - at fair value	<u>124,411,804</u>	<u>121,606,050</u>
Receivables		
Employer contributions	315,156	494,653
Employer withdrawal contributions	259,641	337,957
Accrued interest and dividends	119,903	122,585
Due from broker for securities sold	567,751	171,745
Other	<u>22,933</u>	<u>15,276</u>
Total receivables	<u>1,285,384</u>	<u>1,142,216</u>
Cash	<u>1,262,521</u>	<u>1,267,800</u>
Total assets	<u>126,959,709</u>	<u>124,016,066</u>
Liabilities		
Accounts payable	224,681	180,283
Due to health & welfare fund	<u>20,175</u>	<u>-</u>
Total liabilities	<u>244,856</u>	<u>180,283</u>
Net assets available for benefits	<u>\$ 126,714,853</u>	<u>\$ 123,835,783</u>

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

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

	<u>2020</u>	<u>2019</u>
Additions		
Investment income		
Net appreciation in fair value of investments	\$ 13,258,950	\$ 17,623,888
Interest	355,642	424,279
Dividends	1,002,740	1,141,880
Total investment income	14,617,332	19,190,047
Investment expenses	(669,044)	(617,997)
Net investment income	13,948,288	18,572,050
Employer contributions	4,524,470	6,571,439
Employer withdrawal contributions	-	281,152
Total additions	18,472,758	25,424,641
Deductions		
Benefits	14,189,502	13,111,330
Administrative expenses		
Actuarial fees	81,739	62,610
Audit fees	49,911	46,500
Contract administrator fees	627,425	630,217
Insurance and bonding	47,443	44,527
Legal fees	174,986	172,325
Meetings and conferences	-	3,999
Pension Benefit Guaranty Corporation premiums	380,820	371,600
Printing, postage, and miscellaneous	41,862	24,738
Total administrative expenses	1,404,186	1,356,516
Total deductions	15,593,688	14,467,846
Change in net assets available for benefits	2,879,070	10,956,795
Net assets available for benefits		
Beginning of year	123,835,783	112,878,988
End of year	\$ 126,714,853	\$ 123,835,783

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

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

1. PLAN DESCRIPTION

The following brief description of the United Food and Commercial Workers Unions and Participating Employers Pension Fund (the "Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description for more complete information.

General

The Plan is a multiemployer defined benefit pension plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan became effective as of January 1, 1982 as a result of a merger between the United Food and Commercial Workers Union Local 692 and Department Stores Pension Fund and the United Food and Commercial Workers Union Local 400 and Contributing Employers Pension Fund.

The purpose of the Plan is to provide retirement, disability, and death benefits for eligible participants and their beneficiaries. All employees within bargaining units represented by the United Food and Commercial Workers Union Local 27 (formerly Local 692) or by United Food and Commercial Workers Union Local 400, where the collective bargaining agreement calls for contributions to this Plan on behalf of such employees, are eligible for benefits under this Plan.

On March 31, 2010, the Plan was certified by its actuary as being in "critical status" as defined by the Pension Protection Act of 2006. Based on this critical status certification, the Plan's Board of Trustees adopted a rehabilitation plan in accordance with applicable law. On March 29, 2019, the Plan's actuary certified that for the Plan Year beginning January 1, 2019, the Plan remained in critical status. On March 31, 2020, the Plan's actuary certified that for the Plan Year beginning January 1, 2020, the Plan is in critical and declining status. The Board of Trustees will update the rehabilitation plan in accordance with applicable law.

Benefits

Four types of pensions are provided: normal, early, vested, and disability, as well as a death benefit. The participant's age, years of service, and contribution rates determine the amount of pension benefit.

Effective January 1, 2016, the Plan provides for the payment of a supplemental benefit to certain participants who retire before age 65, and their surviving spouses, until the participant reaches, or would have reached, age 65. The amount of the supplemental benefit is \$450 per month for eligible participants and \$300 per month for their surviving spouses.

Funding

The Plan's primary sources of income are earnings from investments and employer contributions. The participating employers contribute such amounts as are specified in the collective bargaining agreements. The hourly contribution rate ranges from \$0.52 to \$1.99. The Plan's actuary advised that for the years ended December 31, 2020 and 2019, contributions made by the employers met the minimum funding requirements of ERISA.

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

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.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions which affect the reported amounts of assets, liabilities and the actuarial present value of accumulated plan benefits, and the disclosures of contingencies, if any, at the date of the financial statements and additions to and deductions from plan assets and accumulated plan benefits during the reporting period. Actual results could differ from those estimates.

Recognition of Benefits

Benefits are recognized when paid.

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 the note on fair value measurements.

Purchases and sales of securities are reflected on a trade-date basis. Dividend income is recognized as of the ex-dividend date. Interest income from investments is recognized as earned.

In accordance with the policy of stating investments at fair value, net appreciation or depreciation (realized and unrealized gains and losses) in value is reported for investments bought and sold, as well as held on the statement of changes in net assets available for benefits for the period in which it occurs.

Employer Contributions Receivable

The Plan reports as employers' contributions receivable contributions due which relate to hours worked 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.

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, in consultation with the Plan's auditor, 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*. There were no material effects of the adoption on the Plan's financial statements.

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

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 October 12, 2021, 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. ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump sum distributions, that are attributable under the Plan's provisions to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to retired or terminated participants or their beneficiaries, beneficiaries of participants who have died, and present participants or their beneficiaries. Benefits payable under all circumstances retirement, death, disability, and termination of employment are included to the extent they are deemed attributable to participant service rendered to the valuation date.

The actuarial present value of accumulated plan benefits as of December 31, 2020, was determined by the Plan's actuary, and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawals, or retirement) between the valuation dates and the expected date of payment. The significant assumptions used in the determination of the actuarial present value of accumulated plan benefits are detailed in Note 3.

Following is the actuarial present value of accumulated plan benefits as of December 31, 2019.

Actuarial present value of accumulated plan benefits

Vested benefits	
Active participants	\$ 52,406,319
Retirees and beneficiaries	107,446,634
Terminated vested	<u>63,339,413</u>
Total vested benefits	223,192,366
Non-vested benefits	<u>925,386</u>
Accumulated benefits	<u>224,117,752</u>
Expected administrative expenses	<u>30,166,249</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 254,284,001</u>

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

The changes in the present value of accumulated plan benefits during the year ended December 31, 2019 were as follows:

Actuarial present value of accumulated plan benefits at beginning of year	\$ 241,680,668
Increase (decrease) during year attributable to	
Benefit accruals	1,728,886
Changes in assumptions	10,882,748
Benefit payments	(13,111,330)
Increase for interest	15,836,032
Experience gains	(258,940)
Change in expected administrative expenses	(2,474,063)
Net increase	12,603,333
Actuarial present value of accumulated plan benefits at end of year	\$ 254,284,001

The actuarial valuation was made using the unit credit actuarial cost method. Significant assumptions underlying the actuarial computation are as follows:

Discount Rate: 7.25% compounded annually.

Rates of Mortality:

- Actives - RP-2000 Healthy Annuitant mortality table (2014 base year - fully generational).
- Healthy Inactives - RP-2000 Healthy Annuitant mortality table (2014 base year - fully generational).
- Disableds – RP-2000 Disabled Retiree mortality table until age 65 and RP-2000 Disabled Annuitant without projection for ages after 65.
- Current Liability - 2020 Static Mortality as prescribed by Internal Revenue Service (“IRS”) regulations.

Rates of Retirement:

- A. Former Meat and Poultry Participants - 100% at the later of age 62 and five years of service.
- B. All Other Participants:

Number Expected to Retire Annually Per 1,000:

<u>Ages</u>	<u>Percentage</u>
55-59	5%
60-64	10%
65-66	50%
67 and over	100%

Employees who terminate employment with entitlement to deferred vested pensions are assumed to commence receiving benefits when first eligible for unreduced benefits.

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

Other

The RPA '94 current liability interest rate was changed from 3.06% to 2.95% to comply with appropriate guidance. The mortality table for current liability was also updated to the 2020 Static Mortality tables for annuitants and non-annuitants.

The PBGC interest rates used to determine the funded portion of the vested liabilities was changed from 2.84% for 20 years and 2.76% thereafter to 2.53% for all years.

The Mortality Table for Disabled Participants was updated to include generational improvements after age 65.

The funding interest rate assumption was reduced from 7.75% to 7.25% to better reflect expected long-term investment returns.

The above actuarial assumptions 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 actuarial results.

Computation of the actuarial present value of accumulated plan benefits was made by the plan actuary as of January 1, 2020. Had the valuation been performed as of December 31, 2019, there would be no material differences.

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 prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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

- Common stocks and certain government and government agency securities are valued based on quoted market prices.
- Corporate bonds, municipal bonds certain government and government agency securities are valued using quoted prices of like assets, corroborated market data, indices and/or yield curves.

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

- Hedge funds, limited partnerships, pooled separate accounts, and collective investment funds are valued at net asset value ("NAV") per share, which is based on the underlying assets which include a combination of quoted market prices and mathematical models and is being used as a practical expedient to estimate fair value.
- Short-term investment funds are 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 NAV and to transact at that price. The money market funds held by the Plan are deemed to be actively traded.

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. For the years ended December 31, 2020 and 2019, there were no transfers in or out of level 3.

As of December 31, 2020 and 2019, 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
Common stocks	\$ 21,427,407	\$ -	\$ -	\$ 21,427,407
Corporate and municipal bonds	-	9,316,104	-	9,316,104
U.S. Government and government agency securities	1,525,224	1,423,277	-	2,948,501
Short term investment funds	-	3,377,190	-	3,377,190
Total investments at fair value hierarchy	<u>\$ 22,952,631</u>	<u>\$ 14,116,571</u>	<u>\$ -</u>	37,069,202
Investments measured at NAV				<u>87,342,602</u>
Total investments at fair value				<u>\$ 124,411,804</u>
	2019			
	Level 1	Level 2	Level 3	Total Fair Value
Common stocks	\$ 19,135,825	\$ -	\$ -	\$ 19,135,825
Corporate and municipal bonds	-	8,031,370	-	8,031,370
U.S. Government and government agency securities	886,908	860,398	-	1,747,306
Short term investment funds	-	1,435,562	-	1,435,562
Total investments at fair value hierarchy	<u>\$ 20,022,733</u>	<u>\$ 10,327,330</u>	<u>\$ -</u>	30,350,063
Investments measured at NAV				<u>91,255,987</u>
Total investments at fair value				<u>\$ 121,606,050</u>

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

The fair values of the following investments as of December 31, 2020 and 2019 have been determined using the NAV per unit of the investment:

	2020		2019	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Collective investment fund - Equity & fixed (a)	\$ 17,206,308	\$ -	\$ 16,570,837	\$ -
Collective investment fund - International equity (b)	13,825,208	-	12,408,015	-
Collective investment fund - Equity (c)	8,315,079	-	6,838,793	-
Pooled separate account (d)	5,281,670	-	6,294,835	-
Limited partnerships (e)	33,253,355	7,471,493	40,060,541	8,108,601
Hedge funds (f)	9,460,982	-	9,082,966	1,327,784
	<u>\$ 87,342,602</u>	<u>\$ 7,471,493</u>	<u>\$ 91,255,987</u>	<u>\$ 9,436,385</u>

- (a) There are two funds in this category that can be redeemed daily, as of the close of business on any business day with three days advanced written notice signed by an authorized signer. One fund had a total fair value of \$5.1 million and \$4.9 million at December 31, 2020 and 2019, respectively. The other fund had a total fair value of \$12 million and \$11.6 million at December 31, 2020 and 2019, respectively.
- (b) The fund in this category can be redeemed monthly on the first business day of each month with at least fifteen days advanced written notice.
- (c) The fund in this category can be redeemed on any business day with advanced written notice of at least five business days prior to the applicable withdrawal date.
- (d) The fund in this category has withdrawals that are subject to the group annuity contract and may be delayed for up to three years. Because of the illiquid nature of the assets, the Trustee reserves the right to defer payments that could exceed the amount of cash and other liquid assets held in the account, reduced by any amounts committed to purchase properties or for operating expenses, referred to as "withdrawal limitation." If the withdrawal limitation were applied, withdrawal requests included within the withdrawal limitation would be paid on a pro rata basis as cash becomes available for distribution, as determined by Principal Life Insurance Company. On March 20, 2020, Principal Life applied the withdrawal limitation, and the outstanding requests totaled \$726,248,201 at December 31, 2020. There was no withdrawal limitation in place as of or during the year ended December 31, 2019.

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

(e) This category includes four commingled real estate funds, a feeder fund and one opportunistic fund that invests primarily in credit instruments.

- (1) The first fund (total fair value of \$1.9 million and \$4.6 million at December 31, 2020 and 2019, respectively) invests in operating, income producing core commercial real estate and seeks to provide returns that are attractive relative to other asset classes with stable income and the potential for market appreciation. Requests for redemptions of units may be made at any time and are effective at the end of the calendar quarter in which the request is received. The units that are subject to a redemption notice may be redeemed in full or in installments on a pro rata basis as funds become available.
- (2) The second fund (total fair value of \$0 million and \$3.4 million at December 31, 2020 and 2019, respectively) invests in primarily institutional quality multifamily communities throughout the United States and seeks to create diversification through investments in a variety of markets as well as through acquisitions of residential rental communities. Redemptions are permitted upon written notice to the General Partner and payouts are paid pro rata based on availability of funds and may be deferred for up to 27 months at the discretion of the General Partner.
- (3) The third fund (total fair value of \$3.6 million and \$3.4 million at December 31, 2020 and 2019, respectively) invests primarily in real estate primarily leased to the U.S. federal government either through the General Services Administration or other federal government agencies. Each limited partner may request that the Partnership redeem some or all of its units by providing the General Partner with at least sixty days written notice prior to a calendar quarter end.
- (4) The fourth fund (total fair value of \$8.6 million and \$9.5 million at December 31, 2020 and 2019) invests in a pool of real estate assets that are diversified by geography and property type, with a focus on yield-driven investments and, to a lesser extent, value-added investments. Requests for redemptions may be made by providing the Manager with at least ninety days written notice prior to a calendar quarter end.
- (5) The fifth feeder fund's (total fair value of \$6.7 million and \$5.9 million at December 31, 2020 and 2019, respectively) objective, primarily through its interest in the main fund, is to acquire and hold a diversified portfolio of private equity investment funds, which include venture capital, buyout, mezzanine, industry-focused and other private equity investment funds, acquired through secondary market transactions. Redemption is not allowed for this investment.
- (6) The last fund's (total fair value of \$10.9 million and \$13 million at December 31, 2020 and 2019, respectively) objective is to acquire and hold a broad range of public and private credit instruments, with an expected emphasis on corporate credit securities, asset-backed securities, mortgage-backed securities, commercial real estate, structured credit and collateralized loan obligations, though at times, the Fund may have exposure to other assets, instruments and markets. Redemptions are permitted upon providing the Fund with at least sixty five days' written notice prior to a calendar quarter end. Withdrawals may amount up to, but not exceeding, 25% of the balance of any capital account as of such withdrawal date.

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

- (f) This category consists of funds which seek above average rates of return and long-term capital growth by investing in a diversified portfolio of private investment entities and/or separately managed accounts and in a select group of funds and investment vehicles that are generally expected to be illiquid.
- (1) For the first fund (total fair value of approximately \$1.2 million and \$2 million at December 31, 2020 and 2019, respectively), shareholders have the right to redeem a portion of shares having a value of up to a maximum of 50% of the NAV of their shares as of the last day of any calendar quarter, or any other date determined by the Board of Directors in its sole discretion. A shareholder is required to provide not less than 90 days' prior written notice.
 - (2) For the other two funds (total fair value of approximately \$8.2 million and \$7 million at December 31, 2020 and 2019, respectively), shareholders have the right to redeem all or a portion of the applicable shares to the maximum extent permitted by the terms relating to the investments in underlying investment vehicles. Redemptions shall take place as of close of business on the last day of any calendar quarter, or any other date determined by the Board of Directors in its sole discretion. In order to effect a redemption, a shareholder is required to provide not less than 95 days' prior written notice of any such redemption request.

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.

Actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, 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 impact of the COVID-19 Virus (the "Virus") 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 position and changes therein, the specific impact is not readily determinable as of the date of these financial statements.

6. TAX STATUS

The Plan obtained its latest determination letter dated July 9, 2015, in which the IRS stated that the plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the "IRC"). The Plan has been amended since receiving the determination letter, however, the plan administrator believes that the plan is currently designed and being operated in compliance with the applicable requirements of the IRC, and therefore believes that the Plan is qualified and the related trust that holds the assets of the Plan is exempt from income tax.

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Notes to Financial Statements
December 31, 2020 and 2019

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability if the entity 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 in progress for any tax periods. 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, the right to discontinue the Plan is reserved by the Trustees. Termination shall not permit any part of the Plan's assets to be used for or diverted to purposes other than the exclusive benefit of the pensioners, beneficiaries and participants. In the event the Plan terminates, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at the time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"). The PBGC provides financial assistance to plans to help them avoid insolvency. Should a plan become insolvent, the PBGC guarantees certain benefits to participants; however, the benefits guaranteed are generally only a portion of the normal pension benefit. In addition, no benefit increases as a result of plan amendments in effect less than 5 years are guaranteed.

8. MAJOR EMPLOYERS

The Plan has two employers with common ownership that accounted for approximately 84% and 88% of employer 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. EMPLOYER WITHDRAWAL LIABILITY

The Plan complies with provisions of the Multiemployer Pension Plan Amendments Act of 1980 that require imposition of "Withdrawal Liability" on a contributing employer that partially or totally withdraws from the Plan.

As of December 31, 2020 and 2019, the Plan recognized a withdrawal liability receivable of \$259,641 and \$337,957 respectively.

10. PARTY-IN-INTEREST TRANSACTIONS

The Plan invests certain assets in investment funds operated by PNC Financial Services Group, the Plan's custodian, who is considered a party-in-interest under ERISA. These transactions qualify for an exemption under ERISA and therefore, are not prohibited transactions under ERISA.

SUPPLEMENTARY INFORMATION

REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of United Food and Commercial Workers Unions and Participating Employers Pension Fund as of and for the years ended December 31, 2020 and 2019, and our report thereon dated October 12, 2021, 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 employer contributions is presented for purposes of additional analysis and is 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.

WithumSmith+Brown, PC

October 12, 2021

United Food and Commercial Workers Unions and Participating Employers Pension Fund
Schedules of Employer Contributions
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Employer contributions		
Allegany County Human Resources Development Commission, Inc.	\$ 72,422	\$ 63,236
Associated Administrators, Inc.	325,372	302,137
Metro Food Market	1,321,005	1,719,856
Shoppers Food Warehouse	2,491,732	4,090,983
United Food and Commercial Workers Local 27	134,190	147,380
United Food and Commercial Workers Local 400	179,749	247,847
Total employer contributions	<u>\$ 4,524,470</u>	<u>\$ 6,571,439</u>

See Report on Supplementary Information.