United Food and Commercial Workers Unions and Contributing Employers Legal Benefit Fund

2025 Audit Summary

withum
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 ended 2025 with a larger deficit as benefit and administrative costs outpaced contributions.

EMPLOYER CONTRIBUTIONS	BENEFITS	ADMINISTRATIVE COSTS	ENDING DEFICIT
$214.2K	**$182.3K**	**$50.7K**	**$(22.7K)**
Up 1.0% from 2024	Up 12.8%	Up 6.9%	2024: $(10.9K)

What changed in 2025

- Contributions increased only $2.1K.
- Benefits increased $20.7K.
- Administrative expenses increased $3.3K.
- Lower benefit obligations offset $6.9K of the operating shortfall.

Takeaways

The year-end deficit more than doubled. The core issue is the gap between recurring contribution inflows and the combined cost of benefits and administration.

Financial Statement Summary – Legal Benefits Fund
Statements of Net Assets Available for Benefits

		2025		2024
Assets				
Investments - at fair value	$	2,056	$	21,094
Employer contributions receivable		28,207		18,357
Prepaid expenses		2,471		1,569
Total assets		32,734		41,020
Liabilities				
Accounts payable		33,866		23,401
Net assets available for benefits		(1,132)		17,619
Benefit obligations				
Payable to legal service providers		21,520		28,469
Deficit of net assets available for benefits over benefit obligations	$	(22,652)	$	(10,850)

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Financial Statement Summary – Legal Benefits Fund

Statements of Changes in Net Assets Available for Benefits

	2025	2024
Additions		
Investment income, net		
Interest and dividends	$ 331	$ 294
Investment expenses	(250)	(250)
Total Investment income, net	81	44
Contributions		
Employer contributions	214,195	212,106
Total additions	214,276	212,150
Deductions		
Benefits	182,309	161,628
Administrative and other expenses		
Audit fees	14,910	14,752
Contract administrator's fee	15,952	15,475
Insurance and bonding	5,634	6,057
Legal fees	8,400	10,303
Consultant fees	5,070	-
Miscellaneous	752	855
Total administrative and other expenses	50,718	47,442
Total deductions	233,027	209,070
Net change in net assets available for benefits	(18,751)	3,080
Net change in benefit obligations		
Change in payable to legal service providers	(6,949)	2,379
Net change in excess of net assets available for benefits over benefit obligations	(11,802)	701
Net assets available for benefits over benefit obligations		
Beginning of year	(10,850)	(11,551)
End of year	$ (22,652)	$ (10,850)

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Schedules of Employer Contributions

	2025	2024
Shoppers Food Warehouse	$ 204,039	$ 201,641
United Food and Commercial Workers Union Local 400	10,156	10,465
Total Employer contributions	$ 214,195	$ 212,106

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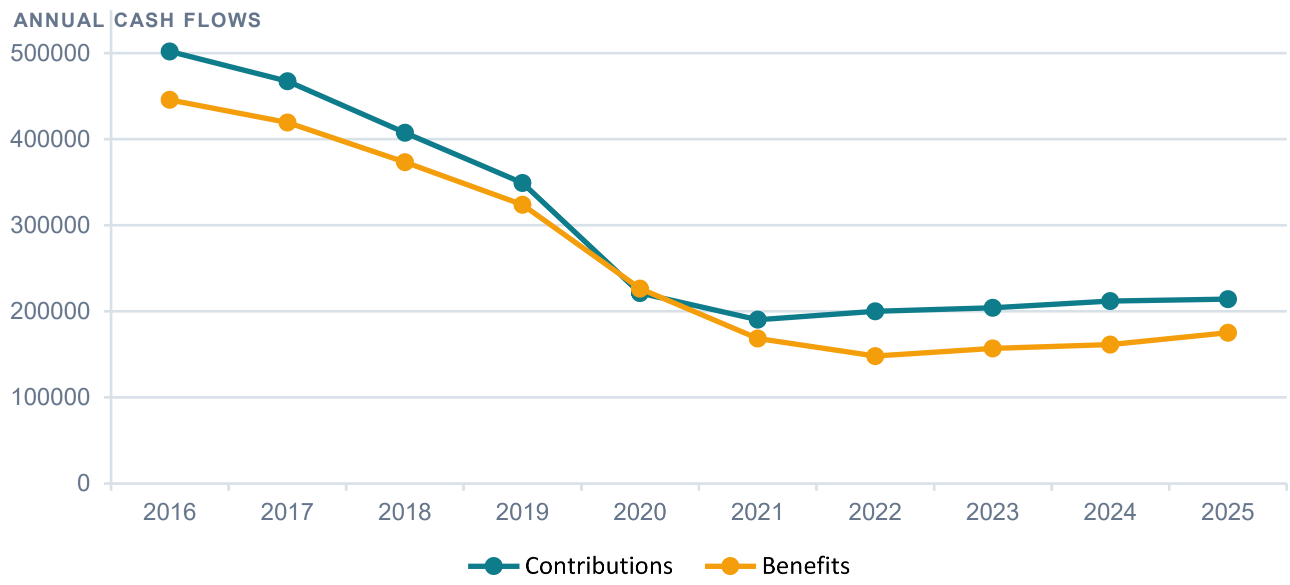
Legal contributions and benefits

Cash flows contracted through 2021, then stabilized with a positive annual margin.

2025 CONTRIBUTIONS	2025 BENEFITS	2025 SURPLUS	2021–25 CONTRIB. GROWTH
$214.2K	**$175.4K**	**$38.8K**	**12.6%**



Long-term contraction

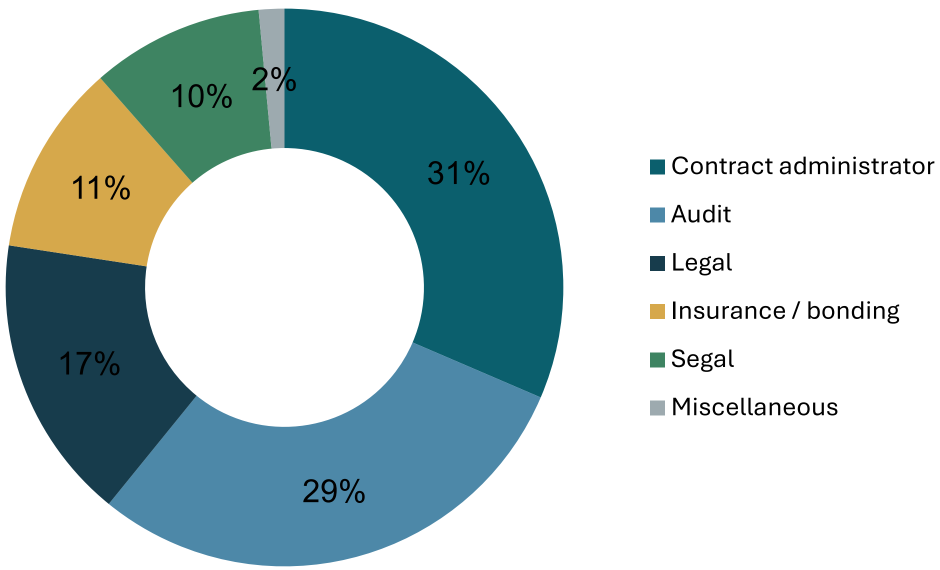
From 2016 to 2025, contributions fell 57.3% and benefits fell 60.6%.

Return to surplus

Benefits exceeded contributions only in 2020. By 2025, contributions were $38.8K above benefits.

Administrative Costs

Total administrative and other expenses increased to $50.7K in 2025.



ADMIN / CONTRIBUTIONS

23.7%

$50.7K ÷ $214.2K

ADMIN GROWTH

6.9%

+$3.3K

Notable 2025 change

The statements include $5.1K of consulting fees in 2025 related to the DOL Cyber work performed by Segal. Legal fees declined by $1.9K.

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. 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

Questions?