

**UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND
CONTRIBUTING EMPLOYERS LEGAL BENEFITS FUND
Financial Statements
December 31, 2018 and 2017
With Independent Auditors' Report**

**United Food and Commercial Workers Unions and Contributing Employers Legal
Benefits Fund
December 31, 2018 and 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
United Food and Commercial Workers Unions and Contributing Employers Legal Benefits Fund:

Report on the Financial Statements

We have audited the accompanying financial statements of the United Food and Commercial Workers Unions and Contributing Employers Legal Benefits Fund, which comprise the statements of net assets available for benefits and benefit obligations as of December 31, 2018 and 2017 and the related statements of changes in net assets available for benefits and benefit obligations for the years then ended, and the related notes to the 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.

Auditors' 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 auditors' 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 auditors consider 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 Contributing Employers Legal Benefits Fund as of December 31, 2018 and 2017, 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.

WithumSmith+Brown, PC

Bethesda, MD
October 7, 2019

**United Food and Commercial Workers Unions and Contributing Employers Legal
Benefits Fund**
Statements of Net Assets Available for Benefits and Benefit Obligations
December 31, 2018 and 2017

	2018	2017
Assets		
Investments - at fair value	\$ 72,667	\$ 113,315
Employer contributions receivable	30,349	38,342
Due from related Funds	25,000	--
Prepaid expenses	1,802	1,680
Total assets	129,818	153,337
Liabilities		
Accounts payable	19,759	17,982
Net assets available for benefits	110,059	135,355
Benefit obligations		
Payable to legal service providers	55,143	67,868
Excess of net assets available for benefits over benefit obligations	\$ 54,916	\$ 67,487

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

United Food and Commercial Workers Unions and Contributing Employers Legal Benefits Fund
Statements of Changes in Net Assets Available for Benefits and Benefit Obligations
Years Ended December 31, 2018 and 2017

	2018	2017
Additions		
Investment income		
Dividend and interest income	\$ 1,573	\$ 821
Investment expenses	(250)	(250)
Net investment income	1,323	571
Employer contributions	407,652	467,279
Total additions	408,975	467,850
Deductions		
Benefits	373,174	419,521
Administrative and other expenses		
Audit fees	15,520	12,200
Contract administrator's fee	29,286	31,730
Insurance and bonding	4,928	4,732
Legal fees	10,145	2,989
Printing and postage	1,218	2,449
Total administrative and other expenses	61,097	54,100
Total deductions	434,271	473,621
Net decrease in net assets available for benefits	(25,296)	(5,771)
Net change in benefit obligations		
Net decrease in payable to legal service providers	(12,725)	(4,668)
Decrease in excess of net assets available for benefits over benefit obligations	(12,571)	(1,103)
Excess of net assets available for benefits over benefit obligations		
Beginning of the year	67,487	68,590
End of the year	\$ 54,916	\$ 67,487

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

**United Food and Commercial Workers Unions and Contributing Employers Legal
Benefits Fund
Notes to Financial Statements
December 31, 2018 and 2017**

1. PLAN DESCRIPTION

The United Food and Commercial Workers Unions and Contributing Employers Legal Benefits Fund (the Plan) is a multiemployer benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Plan was established April 1, 1980 to provide benefits for employees working in jobs covered by collective bargaining agreements between certain employers and the United Food and Commercial Workers Union Local 400. Effective June 1, 1983, employees working in jobs covered by collective bargaining agreements between certain employers and United Food and Commercial Workers Union Local 27 were covered by the Plan. The membership of Local Unions 400 and 27 cover various regions in the eastern half of the United States. Contributions to the Plan are made by the employers at rates specified in their collective bargaining agreements. The Plan provides various specified legal services to the covered employees and their eligible dependents. The Trustees of the Plan have entered into agreements with attorneys to provide the legal services and have agreed to pay the attorneys a specified amount per month for each eligible employee.

Participants in the Plan become eligible for benefits on the first day of the calendar month following three consecutive monthly contributions made on their behalf by a participating employer. Eligibility status for benefit coverage will terminate upon the occurrence of certain events specified in the Summary Plan Description, including but not limited to, the termination of employment or a change in job classification to a classification which is not covered by the Plan.

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

The Plan is primarily funded by employer contributions made monthly in accordance with collective bargaining agreements. The average contribution rate per participant per month was \$22.08 for the years ended December 31, 2018 and 2017.

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

Valuation of Investments and Income Recognition

The Plan's 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. Purchases and sales of securities are reflected on a trade-date basis. Dividend income is recognized as of the ex-dividend date. Interest income is recognized as earned on the accrual basis.

**United Food and Commercial Workers Unions and Contributing Employers Legal
Benefits Fund
Notes to Financial Statements
December 31, 2018 and 2017**

Benefits

Payments to legal service providers for the provision of benefits are recorded when paid. Amounts due to legal service providers that have not yet been paid are recorded as benefit obligations payable to legal service providers on the statements of net assets available for benefits and benefit obligations.

Subsequent Events

In preparing these financial statements, management of the Plan has evaluated events and transactions that occurred after December 31, 2018 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through October 7, 2019, 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. 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 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 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.

Following is a description of the methodology used for assets measured at fair value:

- The Fidelity Money Market Institutional Class Fund is a money market mutual fund and is valued based on quoted market prices.

The valuation methodology used at December 31, 2018 was not changed from the methodology used at December 31, 2017.

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 year ended December 31, 2018, there were no transfers in or out of levels 1, 2, or 3.

**United Food and Commercial Workers Unions and Contributing Employers Legal
Benefits Fund
Notes to Financial Statements
December 31, 2018 and 2017**

As of December 31, 2018 and 2017, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2018			
	Level 1	Level 2	Level 3	Total Fair Value
Fidelity Money Market Institutional Class Fund	\$ 72,667	\$ --	\$ --	\$ 72,667

	2017			
	Level 1	Level 2	Level 3	Total Fair Value
Fidelity Money Market Institutional Class Fund	\$ 113,315	\$ --	\$ --	\$ 113,315

4. TAX STATUS

On November 28, 1994, the Internal Revenue Service (IRS) advised that the trust qualified under Section 501(c)(9) of the Internal Revenue Code (the IRC) and therefore, was not subject to federal income taxes. The Plan has been amended since receiving the determination letter; however, management believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and the Trust is not subject to federal income taxes.

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, 2018 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.

5. PRIORITIES UPON TERMINATION

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

6. MAJOR EMPLOYER

The Plan has one employer that accounts for approximately 97% of employer contributions for both years ended December 31, 2018 and 2017. In the event this employer suspends contributions, the Plan would terminate coverage to the employer's participants as required by the Plan document. The Plan would retain the risk of current fixed administrative expenses until the appropriate adjustments were made.

7. RISKS AND UNCERTAINTIES

The Plan invests in one investment security. 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 on the statements of net assets available for benefits and benefit obligations.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees,
United Food and Commercial Workers Unions
and Contributing Employers Legal Benefits Fund:

We have audited the financial statements of the United Food and Commercial Workers Unions and Contributing Employers Legal Benefits Fund as of and for the years ended December 31, 2018 and 2017, and our report thereon dated October 7, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of employer contributions for the years ended December 31, 2018 and 2017, 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.

WithumSmith+Brown, PC

Bethesda, MD
October 7, 2019

**United Food and Commercial Workers Unions and Contributing Employers Legal
Benefits Fund
Schedules of Employer Contributions
Years Ended December 31, 2018 and 2017**

	2018	2017
Employer contributions		
Shoppers Food Warehouse	\$ 394,249	\$ 453,965
United Food and Commercial Workers Union Local 400	<u>13,403</u>	<u>13,314</u>
Total employer contributions	<u><u>\$ 407,652</u></u>	<u><u>\$ 467,279</u></u>

See Independent Auditors' Report on Supplementary Information.