Understanding Your Financial Statements and Budgeting

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70TH ANNUAL EMPLOYEE BENEFITS CONFERENCE

International Foundation OF EMPLOYEE BENEFIT PLANS

Items to Discuss

Terminology

How to Read the Plan Financial Statements

Understanding Internal Controls

Creating and Following a Budget for the Plan/Trust

Terminology

Terminology

Risk As·sess·ment

/risk/ /əˈsesmənt/

noun

Designed To:

- Identify significant audit risk areas,
- Document the risk of material misstatement for each material audit area,
- Assess those risks,
- Select an audit approach that is tailored to respond to the assessed level of risk, and
- Document the linkage of the assessed risk to the audit procedures.

Terminology

Risk As·sess·ment

/risk/ /ə'sesmənt/

noun

Your Risk Assessments Should Take Into Account:

- Materiality,
- The results of preliminary analytical procedures,
- Information obtained about the plan and its environment
- The consideration of fraud,
- Engagement team discussions,
- Other or prior year engagements performed for the plan sponsor, and
- Any other relevant information.

Terminology

In·her·ent Risk

/inˈhirənt,inˈherənt/ /risk/

noun

Risk that is inherent in the type of transaction or account

- Cash vs. real estate; Benefit obligations vs. contributions receivable
- Degree of subjectivity in determining its value

Con·trol Risk

/kənˈtrōl/ /risk/

noun

Relates to the effectiveness of the plan office's internal controls

- One controller/bookkeeper vs. significant segregation of duties—Levels of review
- Greater controls, less testing

Terminology

As·sessed Risk of Ma·te·ri·al Mis·state·ment

/əˈsɛst/ /risk/ /əv/ /məˈtirēəl/
/mɪsˈsteɪtmənt/

Noun

Determined by combining **inherent risk** and **control risk**

Au·dit Ap·proach

/ˈôdət,ˈädət/ /əˈprōCH/

noun

Audit team determines road map

- Controls based audit vs. substantive audit

Risk Assessment Summary

		Risks of Material Misstatement		Risk Assessment				Response	
Audit Area	Significant Audit Area? (✓=Yes)	Identified Risks/ Assertions Affected	Indicate If Significant Risk (S=Significant, F=Fraud)	Assertions	I/R (H,M,L)	C/R (H,M,L)	Assessed RMM (H,M,L) [a]	Audit Approach (L, B, E) [b]	Linkage/ Comments [c]
Investments, Derivatives, and Related Incomes – FULL SCOPE, ALT INVESTMENTS	✓			E/O	L	H	M	B	Investments and related investment income are transaction classes that are significant to the financial statements. There is complexity of inputs to value alternative investments. Accounting personnel are competent. There have been no prior misstatements for investments, however the investment custodian may report a lag in the fair value for alternative investments. Inherent risk for all assertions are considered to be low except for valuation.
				C	L	H	M		
				R/O	L	H	M		
				V	L	H	M		
				A/CL	L	H	M		
				CO	L	H	M		

How to Read the Plan Financial Statements

____________________ BENEFIT FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

FOLLOW ALONG

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of _______________ (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), which comprise the statements of net assets available for benefits and of benefit obligations as of December 31, 2023 and 2022, and the related statemen … nd of changes in benefit obligations for the years th … ents.

In our opinion, the financial … ial respects, the net assets available for benefits and b … and 2022, and the changes in its net assets available f … ended, in accordance with accounting principles gene …

In our opinion, the financial statements referred to above present fairly, in all material respects…

Basis for Opinion

We conducted our audits i … pted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethic … cal requirements relating to our audits. We believe th… d appropriate to provide a basis for our audit opinion.

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Responsibilities of Mana…

Management is responsibl… l statements in accordance with accounting principles… rica, and for the design, implementation, and main… n and fair presentation of financial statements that a… d or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the

Independent Auditor's Report

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Responsibilities of Management for the Financial Statements

In preparing the financial s | her there are conditions or events, considered in the | 's ability to continue as a going concern for one year | be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarar … nerally accepted auditing standards will always det… of not detecting a material misstatement resulting fr… or, as fraud may involve collusion, forgery, inten… rride of internal control. Misstatements are consi… hat, individually or in the aggregate, they would i… r based on the financial statements.

..obtain reasonable assurance…the financial statements as a whole are free from material misstatement, whether due to fraud or error…

In performing an audit in a… ds, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Independent Auditor’s Report

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*Reasonable assurance is a high level of assurance but is **not absolute assurance**…therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.*

In performing an audit in a … ls, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Independent Auditor's Report

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Statement of Net Assets Available for Benefits

	December 31, 2023	December 31, 2022
ASSETS		
CASH	$ 10,739,131	$ 6,335,331
INVESTMENTS - AT FAIR VALUE		
Short Term Investment Funds	12,559,133	11,853,512
Government Debt Securities	5,613,386	5,121,496
Corporate Debt Securities	11,767,920	11,233,079
Mutual Funds	67,349,888	59,851,077
Common/Collective Trust	7,878,776	10,035,670
TOTAL INVESTMENTS	105,169,103	98,094,834
TOTAL CASH AND INVESTMENTS	115,908,234	104,430,165
RECEIVABLES AND OTHER ASSETS		
Employer Contributions	7,883,429	8,768,008
Participant Contributions	1,722	3,115
Interest and Dividends	185,167	151,594
Prescription Rebates	1,142,940	1,032,189
Stop Loss Reimbursements and Dividends	542,585	649,882
Miscellaneous Receivables	9,589	160,978
Prepaid Insurance	22,457	16,172
TOTAL RECEIVABLES AND OTHER ASSETS	9,787,889	10,781,938
TOTAL ASSETS	125,696,123	115,212,103
LIABILITIES		
Accrued Expenses	243,949	353,216
Accounts Payable - Delinquencies	106,230	62,588
TOTAL LIABILITIES	350,179	415,804
NET ASSETS AVAILABLE FOR BENEFITS	125,345,944	114,796,299
MEMORANDUM:		
Benefit Obligations Other Than Postretirement Benefit Obligations:		
Benefit Obligations	43,954,000	41,459,000
Personal Care Accounts - Note 5	16,532,651	14,049,091
Excess of Net Assets Available For Benefits	$ 64,859,293	$ 59,288,208

FOLLOW ALONG

Statement of Changes in Net Assets Available for Benefits

	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
ADDITIONS		
INVESTMENT INCOME (LOSS)		
Dividends and Interest	$ 539,411	$ 2,588,552
Net Appreciation (Depreciation) of Investments	6,039,227	(10,765,900)
Less: Investment Fees	(183,015)	(207,218)
NET INVESTMENT INCOME (LOSS)	6,395,623	(8,384,566)
CONTRIBUTIONS AND OTHER INCOME		
Employer Contributions	102,106,536	97,094,299
Participant Contributions	4,203,901	4,226,105
COBRA Subsidy	-	110,538
TOTAL CONTRIBUTIONS AND OTHER INCOME	106,310,437	101,430,942
TOTAL ADDITIONS	112,706,060	93,046,376
DEDUCTIONS		
BENEFITS PAID		
Claims, Net	88,019,367	81,729,755
Premiums, Net	9,139,276	9,054,436
Administration Fees	2,011,182	2,702,519
NET BENEFITS PAID	99,169,825	93,486,710
ADMINISTRATIVE EXPENSES		
Administration	1,509,530	1,437,026
Legal Fees and Expenses:		
Trust	178,431	217,474
Collection	221,642	170,294
Accounting Fees and Expenses:		
Financial Statements	30,300	30,990
Claims Examination	8,500	-
Payroll Compliance	233,090	239,649
Consulting Fees:		
Consultant One	139,226	145,858
Consultant Two	111,000	66,000
Depository Services	7,140	7,055
Printing, Postage, and Office Expenses	318,085	259,071
Conference and Meeting Expenses	37,825	21,545
Insurance	55,487	31,587
Bank Fees	66,411	64,977
PCORI Fee	38,505	35,966
Medicare Part D Advisory Fees	31,418	38,801
TOTAL ADMINISTRATIVE EXPENSES	2,986,590	2,766,293
TOTAL DEDUCTIONS	102,156,415	96,253,003
NET INCREASE (DECREASE) FOR THE YEAR	10,549,645	(3,206,627)
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	114,796,299	118,002,926
END OF YEAR	$ 125,345,944	$ 114,796,299

Statements of Benefit Obligations

	December 31, 2023	December 31, 2022
AMOUNTS CURRENTLY PAYABLE TO OR ON BEHALF OF PARTICIPANTS, BENEFICIARIES AND DEPENDENTS		
Premiums and Claims Payable	$ -	$ -
	-	-
OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE, AT PRESENT VALUE OF ESTIMATED AMOUNTS		
Claims Incurred But Not Reported	12,892,000	13,405,000
Bank Hour Liability	14,624,000	13,005,000
Accumulated Eligibility (Lag Months)	16,438,000	15,049,000
	43,954,000	41,459,000
TOTAL OBLIGATIONS OTHER THAN POSTRETIREMENT BENEFIT OBLIGATIONS	43,954,000	41,459,000
POSTRETIREMENT BENEFIT OBLIGATIONS*		
Retired	24,306,590	25,511,177
Active Fully Eligible	11,714,140	11,211,741
Active Not Fully Eligible	30,057,803	24,125,664
	66,078,533	60,848,582
PLAN'S TOTAL BENEFIT OBLIGATIONS	$ 110,032,533	$ 102,307,582

* The calculation of the postretirement benefit obligations does not imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Plan is required to implement a funding policy to satisfy the projected expense.

Statements of Changes in Benefit Obligations

	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
AMOUNTS CURRENTLY PAYABLE TO OR ON BEHALF OF PARTICIPANTS, BENEFICIARIES AND DEPENDENTS		
Premiums and Claims Payable at Beginning of Year	$ -	$ -
Net Change During the Year:		
Benefits Reported and Approved for Payment	99,169,825	93,486,710
Benefits Paid	(99,169,825)	(93,486,710)
Premiums and Claims Payable at End of Year	-	-
OTHER OBLIGATIONS FOR CURRENT BENEFIT COVERAGE, AT PRESENT VALUE OF ESTIMATED AMOUNTS		
Balance at Beginning of Year	41,459,000	39,275,000
Net Change During the Year:		
Claims Incurred But Not Reported	(513,000)	545,000
Bank Hour Liability	1,619,000	690,000
Accumulated Eligibility (Lag Months)	1,389,000	949,000
Balance at End of Year	43,954,000	41,459,000
TOTAL OBLIGATIONS OTHER THAN POSTRETIREMENT BENEFIT OBLIGATIONS	43,954,000	41,459,000
POSTRETIREMENT BENEFIT OBLIGATIONS*		
Balance at Beginning of Year	60,848,582	81,692,846
Net Changes During the Year:		
Benefits Earned and Other Changes	2,448,297	(43,395)
Assumption Changes	2,691,968	(19,891,280)
Interest	3,194,551	2,246,553
Estimated Net Benefits Paid	(3,104,865)	(3,156,142)
	66,078,533	60,848,582
PLAN'S TOTAL BENEFIT OBLIGATIONS AT END OF YEAR	$ 110,032,533	$ 102,307,582

* The calculation of the postretirement benefit obligations does not imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Plan is required to implement a funding policy to satisfy the projected expense.

Notes to Financial Statements

NOTE 1 - DESCRIPTION OF THE PLAN

The __________________ (the "Plan") is a multiemployer welfare benefit plan providing medical, dental, prescription, vision, personal care accounts, disability, life and accidental death and dismemberment benefits, subject to certain eligibility requirements. The Plan administers two plans. The Regular Plan covers retirees and most activities, and the lower cost Basic Plan covers activities in certain job classifications. Unlike the Regular Plan, the Basic Plan does not provide dental and vision benefits. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan was formed in __________, under an agreement between the _____________ Contractors Association (____) and Local Unions of the _________________________.

The Plan operates under a Trust Agreement incorporated by reference into collective bargaining agreements between local unions and the _____ located in the _______________________ and _____ contracting companies, either individually or through divisions of ________.

THE PLAN DOCUMENTS INCLUDE DETAILED RULES FOR EACH SITUATION. PARTICIPANTS SHOULD REFER TO THE PLAN AGREEMENT AND ANY AMENDMENTS REGARDING SPECIFIC PROVISIONS OF THE PLAN.

Notes to Financial Statements—Note 2

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

B. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

C. Postretirement Benefits

The postretirement benefit obligation represents the actuarial present value of those estimated future benefits that are attributed to employee service rendered to December 31. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired or terminated employees and their beneficiaries and dependents and (2) active employees and their beneficiaries and dependents after retirement from service with participating employers. Prior to an active employee's full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributed to that employee's service in the industry rendered to the valuation date.

The actuarial present value of the expected postretirement benefit obligation was determined by actuaries from ____________________ as of December 31, 2023 and 2022 and is the amount that results from applying actuarial assumptions to historical benefit cost data to estimate future annual incurred benefit costs 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. The significant actuarial assumptions and methods used at

Notes to Financial Statements—Note 2

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Postretirement Benefits (Continued)

December 31, 2023 (2022) were: (a) Discount Rate: 5% (5.25%), (b) Mortality: 105% of the PRI-2012 Blue Collar Mortality Table for male employees and healthy annuitants and 110% (100%) of the PRI-2012 Blue Collar Mortality Table for female employees and healthy annuitants projected forward using the MP-2021 projection scale, (c) Retirement Age: 100% assumed to retire at 66, (d) Administrative Expenses: based on actual administrative expenses for the 2021 plan year, (e) Funding Method: Projected Unit Credit Service Prorate, (f) Health Care Trend Rates: medical 7.2% (6.9%) graded to 4.0%, and prescription drug 8.2% (7.4%) graded to 4%, and (g) other assumptions and methods for retirement rates, mix of type of retiree coverage, trend rates and per capita cost assumptions.

Additional assumption changes include changes in the assumed percentage of participants electing coverage at retirement, retirement rates and withdrawal rates based on recent plan experience.

The health care rate and retiree contribution trend rates have a significant effect on the postretirement benefit obligations. A 1% increase in the health care cost trend rate would increase the net postretirement benefit obligation as of December 31, 2023 and 2022 by $11,122,094 and $9,327,758, respectively.

The Plan received Medicare Part D subsidy reimbursements totaling $125,670 and $155,203 for the years ended December 31, 2023 and 2022, respectively.

The foregoing 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 the actuarial present value of postretirement benefit obligations.

D. Employer Contributions

Contributions as reported are contributions made for hours worked during the year in accordance with the collective bargaining and participation agreements. Contributions receivable is estimated based on contributions received subsequent to the end of the year. No allowance is provided for uncollectible accounts.

E. Employer Payroll Compliance Program

Remittance reports were accepted as submitted, without examination or verification of employers' payroll records. The system of internal control provides for examination of employers' records under a separate payroll compliance program.

F. Tax-Exempt Status

No provision for federal tax is made. The Plan has received tax-exempt status from the federal government under Internal Revenue Code Section 501(c)(9).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken a

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Tax-Exempt Status (Continued)

tax position that more likely than not would not be sustained upon examination by a tax authority. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

G. Plan Termination

Upon the termination of the Plan, per the Agreement and Declaration of Trust, any and all monies remaining in the Plan after payment of all expenses and obligations of the Plan shall be either expended and used for the continuance of purposes of the Plan until such monies have been exhausted, or transferred to another trust or trusts providing similar benefits.

H. Risks and Uncertainties

Benefit obligations are reported based on certain assumptions pertaining to healthcare inflation rates, participant demographics and other assumptions which are subject to change. Due to the uncertainty of the assumption process it is at least reasonably possible that changes in these assumptions in the near term would be material to the financial statements.

Plan investments are exposed to various risks such as interest rate, market fluctuations and credit risk. Some estimated values may differ from values that would have been used had a ready market existed for the investment. Due to the level of risk associated with investments and the level of uncertainty with respect to changes in value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the financial statements.

I. Investment Valuation and Income Recognition

Accounting standards establish a fair value hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market:

Level 1 – Inputs are quoted prices in active markets.

Level 2 – Inputs are based on quoted prices for similar instruments and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following table represents the Plan's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2023:

FOLLOW ALONG

Notes to Financial Statements—Note 2

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Investment Valuation and Income Recognition (Continued)

	Level 1	Level 2	Level 3	Total
Short Term Investment Funds	$ -	$ 12,559,133	$ -	$ 12,559,133
Government Debt Securities	4,566,945	1,046,441	-	5,613,386
Corporate Debt Securities	-	11,767,920	-	11,767,920
Mutual Funds	67,349,888	-	-	67,349,888
	$ 71,916,833	$ 25,373,494	$ -	97,290,327
Investments Measured at Net Asset Value*				7,878,776
				$ 105,169,103

The following table represents the Plan's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Short Term Investment Funds	$ -	$ 11,853,512	$ -	$ 11,853,512
Government Debt Securities	4,873,360	248,136	-	5,121,496
Corporate Debt Securities	-	11,233,079	-	11,233,079
Mutual Funds	59,851,077	-	-	59,851,077
	$ 64,724,437	$ 23,334,727	$ -	88,059,164
Investments Measured at Net Asset Value*				10,035,670
				$ 98,094,834

* Investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy amounts to the amounts presented in the statements of net assets available for benefits.

Level 1 investments include mutual funds and U.S. government debt securities valued based on quoted prices in an active market.

Level 2 investments include money market funds and non U.S. government and corporate debt securities valued using matrices of trades in similar securities.

The common/collective trust is valued at net asset value; the unfunded commitments and significant terms of redemption are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Fund, LP	$7,878,776	None	Quarterly	30 Days

Unrealized appreciation or depreciation in the fair value of investments is reported as net unrealized appreciation (depreciation) of investments. Investment income, realized gains and losses on sale of investments, and other investment income and expenses are reported on the accrual basis.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Plan shares collection, employer compliance and other common expenses with two related trust funds (_____________ Pension Fund and _______________________ Annuity Plan) and other related organizations. The Pension Fund pays these expenses and each entity reimburses it for its own share of these costs based on an allocation method periodically approved by the Board of Trustees.

The Plan reimburses the ______________________ for administrative work performed on behalf of the Plan's depository account services.

NOTE 4 - RECONCILIATION OF FINANCIAL STATEMENTS TO THE FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31, 2023	December 31, 2022
Net Assets Available for Benefits Per the Financial Statements	$ 125,345,944	$ 114,796,299
Less: Plan's Total Benefit Obligations Other Than Postretirement Benefit Obligations	(43,954,000)	(41,459,000)
Net Assets Per the Form 5500	$ 81,391,944	$ 73,337,299

The following is a reconciliation of net benefits paid per the financial statements to the Form 5500:

	January 1, 2023 to December 31, 2023
Net Benefits Per the Financial Statements	$ 99,169,825
Add: Benefit Obligations Other Than Postretirement Benefit Obligations at December 31, 2023	43,954,000
Less: Benefit Obligations Other Than Postretirement Benefit Obligations at December 31, 2022	(41,459,000)
Benefits Paid Per the Form 5500	$ 101,664,825

Amounts currently payable to or for participants, dependents, and beneficiaries are reported on the Form 5500 for benefits that have been earned prior to December 31 but not yet paid as of that date.

Notes to Financial Statements—Notes 5 to 7

NOTE 5 - PERSONAL CARE ACCOUNTS (PCA)

The Plan includes a benefit called the Personal Care Account (PCA), which is a health-care reimbursement account designed to permit an active employee to obtain reimbursement of medical care expenses, COBRA premiums and retiree self-payments on a non-taxable basis.

NOTE 5 - PERSONAL CARE ACCOUNTS (PCA) (Continued)

The following reflects the activity in the PCA program:

	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
Beginning Balance	$ 14,049,091	$ 11,353,021
Add: Contributions	8,325,112	7,290,242
Less: Benefits	(5,841,552)	(4,594,172)
Ending Balance	$ 16,532,651	$ 14,049,091

Forfeitures totaled $264,931 and $21,392 during the years ended December 31, 2023 and 2022, respectively.

NOTE 6 - CONCENTRATION OF CREDIT RISK

During the year ended December 31, 2023, the Plan maintained bank accounts with cash balances in excess of the federally insured limit of $250,000 per bank. The amount in excess of the limit was subject to the risk if the financial institution did not perform. The Plan has not incurred any losses on the uninsured balances.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through __________, 2024, the date on which the financial statements were available to be issue. There were no material subsequent events that require recognition or additional disclosures in these financial statements.

____________________ **BENEFIT FUND**

FORM 5500

SCHEDULE H - LINE 4

E.I.N. _______________; PLAN NO. ____

SUPPLEMENTAL SCHEDULES REQUIRED BY
THE DEPARTMENT OF LABOR

Independent Auditor’s Report of Supplemental Schedules Required by the Department of Labor

Board of Trustees

____
____
____

Members of the Board:

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of assets (held at end of year) as of December 31, 2023 and reportable transactions for the year ended December 31, 2023 are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. 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 generally accepted auditing standards.

Independent Auditor's Report of Supplemental Schedules Required by the Department of Labor

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

MILLER KAPLAN ARASE LLP

North Hollywood, California

________________, 2024

Understanding Internal Controls

Plan Management Acknowledgements

Before finalizing financial statements—"Plan management" is required to sign off on:

Statement of Fulfilled Responsibilities

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated month XX, 202X, including our responsibility for the preparation and fair presentation of the financial statements.

Conformity with GAAP

The financial statements referred to above are fairly presented in conformity with U.S. GAAP, the notes include all disclosures required by laws and regulations to which the Plan is subject, including the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Plan Management Acknowledgements

Acknowledgements of Responsibility

We acknowledge our responsibility for 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.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

Statement of Fraud Analysis

We have no knowledge of any fraud or suspected fraud that affects the Plan and involves:

a. Management
b. Employees who have significant roles in internal control; or
c. Others when the fraud could have a material effect on the financial statements

Creating and Preparing a Budget for the Plan/Trust

Auditor can NOT prepare budget per current audit standards—
Auditor can't be "part of management"

Apprenticeships
- Operating and/or capital expenditures
- Outside funding opportunities

Investment Earnings
- Include or not include

Benefit Plans
- Health care spending
- Investment modeling to meet anticipated health care spending requirements

Pension Plans
- Investment modeling to meet actuarial cash flow expectations

Annual Tax Filings

Form 5500 Annual Return/Report of Employee Benefit Plan	Due within 7 months after year end; One 2.5-month extension. • Pension (Defined Benefit • and Defined Contribution) • Health and Welfare • Training—Rarely • Vacation/Supplemental etc.
Form 990-T Exempt Organization Business Income Tax Return	Due within 4.5 months after year end; One 6-month extension.
Form 990 Return of Organization Exempt from Income Tax	Due within 4.5 months after year end; One 6-month extension.

Annual Tax Filings

8955-SSA Annual Registration Statement Identifying Separated Participants with Deferred Vested Benefits	Due within 7 months after year end; One 2.5-month extension.
Form 5330 Return of Excise Taxes Related to Employee Benefit Plans	Practically due as soon as possible.
Summary Annual Report	Due within 2 months of filing Form 5500. Required when file Form 5500 except Defined Benefit Plans

Key Takeaways

- Significant work happens before the auditors "show up" at the Administrative office.
- Auditors do not review every transaction; audits are not designed to detect fraud.
- Trustees are responsible for the audited financial statements.

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Session Evaluation