BAKERS UNION AND FELRA HEALTH AND WELFARE FUND

SPARKS, MARYLAND

INDEPENDENT AUDITORS' REPORT

AND FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

The Board of Trustees
Bakers Union and FELRA Health and Welfare Fund
Sparks, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Bakers Union and FELRA Health and Welfare Fund (the Plan), which comprise the net assets available for benefits and of plan's benefit obligations as of December 31, 2015 and 2014, and the related statements of changes in net assets available for benefits and of changes in plan's 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 the 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.

The Board of Trustees
Bakers Union and FELRA Health and Welfare Fund

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2014 and 2013 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules of Assets Held at End of Year, Reportable Transactions, Administrative Expenses and Employer Contributions are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Plan's 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 taken as whole.

Salter & Company, LLC
Bethesda, Maryland
July 3, 2016

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS, MARYLAND

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2015 AND 2014

	December 31, 2015	December 31, 2014
ASSETS		
Investments - At Fair Value (Note 5)	$ 2,229,139	$ 1,538,709
Receivables		
Employers' contributions	318,252	342,228
Accrued interest and dividends	559	459
Other Reimbursements/Rebates	12,268	-
	331,079	342,687
Prepaid Expenses	1,273	6,008
TOTAL ASSETS	2,561,491	1,887,404
LIABILITIES		
Payable to claims administrators	8,306	20,960
Accrued expenses	64,277	81,705
TOTAL LIABILITIES	72,583	102,665
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,488,908	$ 1,784,739

The accompanying notes are an integral part of the financial statements.

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS, MARYLAND

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	December 31, 2015	December 31, 2014
ADDITIONS		
CONTRIBUTION INCOME		
Contributions from employers under union agreement	$ 3,904,724	$ 4,087,969
Participants' COBRA payments	4,594	24,394
	3,909,318	4,112,363
INVESTMENT INCOME		
Net (depreciation)/appreciation in fair value of Investments	(2,967)	(740)
Interest and dividends	7,810	6,369
	4,843	5,629
OTHER ADDITIONS		
Prescription Drug Rebates	35,155	18,547
Other Income Litigation Settlement	-	266
	35,155	18,813
TOTAL ADDITIONS	3,949,316	4,136,805
DEDUCTIONS		
Benefits paid to or on behalf of participants		
Claims paid, net	1,894,654	2,273,798
Premiums paid	990,582	1,033,135
	2,885,236	3,306,933
Administrative expenses		
Administrative fees and other expense	359,911	324,883
TOTAL DEDUCTIONS	3,245,147	3,631,816
NET INCREASE/(DECREASE) DURING YEAR	704,169	504,989
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	1,784,739	1,279,750
End of year	$ 2,488,908	$ 1,784,739

The accompanying notes are an integral part of the financial statements.

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS, MARYLAND

STATEMENTS OF PLAN'S BENEFIT OBLIGATIONS
AS OF DECEMBER 31, 2015 AND 2014

	December 31, 2015	December 31, 2014
Amounts Currently Payable to or for Participants		
Claims payable, claims incurred but not reported, and premiums due to insurers	$ 506,414	$ 305,792
Other Obligations for current benefit coverage		
Accumulated eligibility credits net of amounts currently payable	N/A	N/A
Total Obligations other than Postretirement Benefit Obligations	506,414	305,792
Postretirement Benefit Obligations, Net Of Amounts Currently Payable		
Retired participants and beneficiaries	N/A	N/A
Other participants fully eligible for benefits	N/A	N/A
Participants not yet fully eligible for benefits	N/A	N/A
	-	-
PLAN'S TOTAL BENEFIT OBLIGATION	$ 506,414	$ 305,792

The accompanying notes are an integral part of the financial statements.

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS, MARYLAND

STATEMENTS OF CHANGES IN PLAN'S BENEFIT OBLIGATIONS
AS OF DECEMBER 31, 2015 AND 2014

	Years Ended December 31, 2015	Years Ended December 31, 2014
Amounts Currently Payable to or for Participants		
Balance at beginning of year	$ 305,792	$ 482,808
Claims reported and approved for payment	3,085,858	3,129,917
Claims paid	(2,885,236)	(3,306,933)
Balance at end of year	506,414	305,792
Other Obligations for current benefit coverage at estimated amounts:		
Balance at beginning of year	N/A	N/A
Net change during year:		
Accumulated eligibility credits	N/A	N/A
Balance at end of year	-	-
Postretirement Benefit Obligations, Net of Amounts Currently Payable		
Balance at beginning of year	N/A	N/A
Increase/ (Decrease) in postretirement benefits		
Attributable to:		
Increase/(Decrease) due to benefits earned	N/A	N/A
Changes in actuarial assumptions	N/A	N/A
Recognition of Medicare subsidy	N/A	N/A
Balance at end of year	-	-
PLAN'S TOTAL BENEFIT OBLIGATIONS AT END OF YEAR	$ 506,414	$ 305,792

The accompanying notes are an integral part of the financial statements.

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS, MARYLAND

NOTES TO FINANCIAL STATEMENTS

1. Description of Plan

The Bakers Union and FELRA Health and Welfare Fund (the Plan) is a multi-employer collectively bargained health benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Participants should refer to the Summary Plan Description for more complete information.

The following description of Bakers Union and FELRA Health and Welfare Fund (the Plan) provides only general information. Participants should refer to the Summary Plan Description for a complete description of the Plan's provisions.

A. *General.* The Plan covers employees in jobs covered by collective bargaining agreements between participating employers and the BCTGM Local 68 and 118. This plan also covers eligible dependents of active employees. There is no retiree coverage under this Plan. Under the provisions of COBRA, unemployed participants are allowed to continue their eligibility for a certain period after they cease employment by paying their own contributions. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

B. *Benefits.* The plan covers employees working in jobs covered by the collective bargaining agreements, for which contributions are required to the Plan. The Plan provides benefits such as medical, hospitalization, surgical, mental health/substance abuse, life and accidental death and dismemberment insurance, accident and sickness, prescription drug, dental and optical benefits. The Plan provides these benefits through either insurance or indemnity arrangements with the following companies:

    Denex Dental Service
    ING/Reliastar Insurance Company
    VSP Vision Care for Life
    CIGNA Healthcare
    Catamaran Rx

C. *Contributions*. Employer contributions by participating employers are determined subject to the provisions of collectively bargained agreements.

D. *Plan Modifications.* The Plan's Board of Trustees, as Sponsor, has the right under the Plan to change, modify or eliminate any of the benefits offered by the Fund at any time, subject to the provisions set forth in ERISA.

2. Summary of Significant Accounting Policies

A. *Basis of Accounting and Use of Estimates.* The accompanying financial statements of the Bakers Union and FELRA Health and Welfare Fund have been prepared on the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations, and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

B. *Employer Contributions Receivable.* Employer contributions are accrued based on subsequent employer remittance reports and cash receipts.

C. *Investment valuation and income recognition.* Investments are carried 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 Note 5 for a discussion of fair value measurements.

   Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year.

D. *Reclassifications.* When applicable, certain reclassifications may have been made to conform to current year financial statement presentation. These reclassifications had no effect on the net assets available for benefits.

E. *Accounting Changes* - In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value per share as a practical expedient. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016, with early adoption permitted, and is to be applied retrospectively. The Plan has elected to adopt early ASU 2015-07 for the year ended December 31, 2015. Plan management does not believe the adoption of the ASU had a material impact on the financial statements.

   In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Plan Investment Disclosures (Part II). ASU 2015-12 eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. It also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. ASU 2015-12 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted, and is to be applied retrospectively. The Plan has elected to adopt early the ASU 2015-12 for the year ended December 31, 2015. Plan management does not believe the adoption of the ASU had a material impact on the financial statements.

3. Postretirement Benefit Obligations

The Fund adopted the provisions of the American Institute of Certified Public Accounts, Statement of Position ASC 965, "Accounting and Reporting by Health and Welfare Plans". This Plan does not provide any retiree health care benefit coverage and therefore no post-retirement benefit obligation. The current benefit obligations related to both claims incurred but reported and payable are estimated based on claims experience.

On December 8, 2003, the President signed into law the Medicare Prescription Drug Improvement and Modernization Act of 2003 (The Act) for employers that sponsor postretirement health care plans that provide prescription drug benefits. The Act introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a Federal Subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. The Plan does not provide any retiree health care benefits and therefore is not eligible for any subsidy as related to this act.

The Patient Protection and Affordable Care Act of 2010 created a temporary reinsurance program for eligible healthcare coverage for pre-Medicare retirees age 55 and older the Early Retiree Reinsurance Program (ERRP). The program provides reimbursement to participating employment-based plans for a portion of the cost of health benefits for early retirees and their spouses, surviving spouses and dependents. Plans are reimbursed for certain claims between $15,000 and $90,000. Congress appropriated $5 billion for the program which ends no later than January 1, 2014. Since the Fund does not cover retirees the fund was not eligible to receive any reimbursement during 2013. All ERRP potential program funds have been exhausted.

4. Claims Payable and Claims Incurred But Not Paid

Amounts currently payable to or for participants, beneficiaries and dependents represent actual and estimated amounts paid or payable after year end for all reported claims for benefits occurring during respective accounting periods, days lost due to disabilities that began during those periods, payments to benefit providers for benefits in those respective periods, and other miscellaneous benefits related to services performed in those respective periods.

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

5. Fair Value Measurements (continued)

Level 2 - Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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, 2015 and 2014.

Fixed Income: Certain bonds are valued at the closing price reported in the active market in which the bond is traded. Other bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Registered Investment Companies: Valued at the net asset value (NAV) of shares held by the fund at year end.

Common and Preferred stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2015 and 2014:

5. Fair Value Measurements (continued)

	Assets at Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Temporary Investments	$ 1,478,910	$ -	$ -	$ 1,478,910
Registered Investment Companies	750,229	-	-	750,229
Total Assets-Fair Value	$ 2,229,139	$ -	$ -	$ 2,229,139

	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Temporary Investments	$ 788,146	$ -	$ -	$ 788,146
Registered Investment Companies	750,563	-	-	750,563
Total Assets-Fair Value	$ 1,538,709	$ -	$ -	$ 1,538,709

Transfers Between Levels

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 to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2015, there were no significant transfers between levels.

6. Income Tax Status

The Plan obtained its determination letter dated July 9, 2004, in which the Internal Revenue Service stated that the Plan, as designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Fund is a qualified trust under Section 501(a) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(C)(9).

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination. The plan administrator is not aware of any uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements as of December 31, 2015.

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS, MARYLAND

NOTES TO FINANCIAL STATEMENTS

7. Plan Termination

It is the present intent of the Trustees to continue the Plan in full force and effect. However, in order 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 fund 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 that the exclusive benefit of the participants.

8. Related-Party Transactions

During the year ended December 31, 2015 the Plan did not engage in any related party transactions.

9. Litigation

Based on advice of Fund Counsel there is no litigation either pending or threatened which would have a material adverse effect on the Fund's financial position.

10. Concentrations of Contribution Sources

Only two active employers remain, comprising all of the of the Plan's employer's contributions.

11. Reconciliation of Financial Statements to Form 5500

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

	December 31, 2015	December 31, 2014
Net assets available for benefits per the financial statements	$ 2,488,908	$ 1,784,739
Benefit obligations currently payable	(506,414)	(305,792)
Net assets available for benefits per the Form 5500	$ 1,982,494	$ 1,478,947

NOTES TO FINANCIAL STATEMENTS

11. Reconciliation of Financial Statements to Form 5500 (continued)

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

		Year Ended December 31, 2015
Benefits paid per the financial statements	$	2,885,236
Add: amounts currently payable at December 31, 2015		506,414
Less: amounts currently payable at December 31, 2014		(305,792)
Benefits paid per the Form 5500	$	3,085,858

Amounts currently payable to or for participants, dependents, and beneficiaries are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but not yet paid as of that date.

12. Significant Plan Amendments

During the years ended December 31, 2015 and 2014, the Plan implemented the following amendments:

No significant plan amendments implemented in the year ending December 31, 2015

Effective January 1, 2014:
- -Elimination for health coverage for part-time employees (Plan 1 and Plan 2)
- -Annual maximums eliminated (Plan 1 and Plan 2)
- -Dependent eligibility expanded to no longer exclude eligible children under age 26 who have access to their own employment-based health coverage (Plan 1 and Plan 2)

Participants should refer to the Summary Plan Description and the Summary of Material Modifications for more complete information.

13. Subsequent events

Subsequent events were evaluated through July 13, 2016 which is the date the financial statements were available to be issued.

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS, MARYLAND

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2015

Form 5500, Schedule H, Line 4i

EIN: 26-0000485
Plan No. 501

(a)	(b) Identity of issuer, borrower, lessor or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value: Description	Maturity Date	Rate of Interest	Par/Maturity Value or Shares	(d) Cost	(e) Current Value
	Temporary Investments						
	PNC Gov't Money Market	Money Market	N/A	N/A	1,478,910	$ 1,478,910	$ 1,478,910
	Total Temporary Investments					1,478,910	1,478,910
	Registered Investment Companies - Bond Fund						
	PNC LTD Maturity Bond Fund		N/A	N/A	74,133	750,399	750,229
	Total Registered Investment Companies					750,399	750,229
	Total Assets (Held at End of Year)					$ 2,229,309	$ 2,229,139

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS, MARYLAND

SCHEDULE OF REPORTABLE (5%) TRANSACTIONS
YEAR ENDING DECEMBER 31, 2014

Form 5500, Schedule H, Line 4i

EIN: 26-0000485
Plan No. 501

(a) Identity of Party Involved	(b) Description of asset (include interest rate and maturity in case of a loan) Description	(c) Purchase Price	(d) Selling Price	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
N/A	PNC Gov't Money Market Fund	3,692,093	N/A	3,692,093	3,692,093	-
N/A	PNC Gov't Money Market Fund	N/A	3,001,704	3,001,704	3,001,704	-

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS , MARYLAND

ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	Decembers 31, 2015	Decembers 31, 2014
PROFESSIONAL FEES		
Contract administrative fees	$ 140,376	$ 143,901
Audit and payroll audit fees	10,220	10,052
Network charges - Cigna	96,467	75,887
Legal	53,457	37,534
Healthcare Reform Services - includes Transitional Reinsurance Fee	35,500	48,083
Consulting	12,000	480
	348,020	315,937
OTHER ADMINISTRATIVE		
Bank service charges	278	305
Fiduciary and Bonding Insurance	4,076	3,786
Postage	741	558
Printing and office supplies	1,011	2,243
Meeting	5,488	1,591
Telephone	297	463
	11,891	8,946
TOTAL - ADMINISTRATIVE EXPENSES	$ 359,911	$ 324,883

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
SPARKS , MARYLAND

EMPLOYER CONTRIBUTIONS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	Decembers 31, 2015	Decembers 31, 2014
EMPLOYER		
Giant	$ 1,496,956	$ 1,617,931
Safeway	2,407,768	2,470,038
TOTAL EMPLOYER CONTRIBUTIONS	3,904,724	4,087,969