LITHOGRAPHERS AND PHOTOENGRAVERS LOCAL 285 WELFARE FUND

FINANCIAL STATEMENTS

FEBRUARY 28, 2017

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FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

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REPORT OF INDEPENDENT AUDITORS

To the Trustees of the
Lithographers and Photoengravers Local 285 Welfare Fund

We have audited the accompanying financial statements of the Lithographers and Photoengravers Local 285 Welfare Fund (the Plan), which comprise the statements of net assets available for benefits as of February 28, 2017 and February 29, 2016 and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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 an 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 Plan'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 Plan'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 Plan as of February 28, 2017 and February 29, 2016, 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 information on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental schedules on pages 11 and 12 represent supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. 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 audit 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.

Bethesda, MD
TBD, 2017

Lithographers and Photoengravers Local 285 Welfare Fund

Statements of Net Assets Available for Benefits

February 28, 2017 and February 29, 2016

	2017	2016
Assets		
Cash	$ 416,145	$ 319,787
Receivables		
Employer contributions and payroll audit collections	175,131	164,032
Other	2,024	2,867
Total receivables	177,155	166,899
Investments - at fair value	1,861,025	1,844,183
Prepaid expenses	2,935	5,606
Total assets	2,457,260	2,336,475
Liabilities		
Accounts payable	21,581	3,429
Deferred contributions	3,499	6,911
Total liabilities	25,080	10,340
Net assets available for benefits	$ 2,432,180	$ 2,326,135

See accompanying notes to financial statements.

Lithographers and Photoengravers Local 285 Welfare Fund

Statements of Changes in Net Assets Available for Benefits

Years Ended February 28, 2017 and February 29, 2016

	2017	2016
Additions		
Investment income		
Interest and dividends	$ 23,602	$ 21,487
Less: investment expenses	(5,642)	(11,040)
Investment income - net	17,960	10,447
Contributions		
From employers	2,071,413	2,034,961
COBRA and retiree payments	200,737	218,939
	2,272,150	2,253,900
Other income	10,954	5,985
Total additions	2,301,064	2,270,332
Deductions		
Cost of benefits		
Insurance premiums	2,041,268	2,099,460
Administrative expenses	153,751	144,759
Total deductions	2,195,019	2,244,219
Net increase	106,045	26,113
Net assets available for benefits		
Beginning of year	2,326,135	2,300,022
End of year	$ 2,432,180	$ 2,326,135

See accompanying notes to financial statements.

LITHOGRAPHERS AND PHOTOENGRAVERS LOCAL 285 WELFARE FUND

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 2017 AND FEBRUARY 28, 2016

NOTE 1. DESCRIPTION OF PLAN

The following description of the Lithographers and Photoengravers 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. The Plan was created pursuant to an agreement and declaration of trust dated October 1, 1972.

General

The Plan covers employees in jobs covered by a collective bargaining agreement with The Graphic Communication International Union Local 285. This Plan also covers eligible dependents of active employees and retirees. Unemployed participants, retired employees, employees' widows, widowers or orphaned children are allowed to continue their eligibility by paying their own contributions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Benefits

The Plan provides health benefits (medical, hospital, surgical, major medical, and dental), life insurance coverage, disability benefits, and accidental death & dismemberment benefits. The Plan provides these benefits through either insurance or indemnity arrangements with the following companies:

Kaiser Permanente - Medical, Hospital
Mutual of Omaha - Life, AD & D
National Vision Administrators, LLC - Vision
CIGNA Health and Life Insurance Company - Dental

Contributions

Employers subject to the collective bargaining agreement and other agreements make monthly contributions to the Plan for each covered employee employed on the first day of the month. Retirees electing coverage under this Plan self-pay monthly premiums by the first day each month for which coverage is sought. All monies are used exclusively for providing benefits and the paying of all expenses incurred with respect to the operations of the Plan.

NOTE 1. DESCRIPTION OF PLAN (CONTINUED)

Other

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared on the accrual basis of accounting. The significant accounting principles and practices utilized are described as follows:

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in financial statements. Accordingly, actual results could differ from those estimates.

Employer Contributions Receivable

This amount represents contributions received shortly after the close of the Plan year. It does not include any additional amounts that may be due from delinquent contributing employers.

Recognition of Income from Investments

Income from investments is recognized on the accrual basis. Security transactions are accounted for on a trade date basis.

NOTE 3. POST-RETIREMENT BENEFIT OBLIGATIONS

The Plan retirees pay 100% of the true cost of the insurance; therefore, no post retirement obligation exists.

NOTE 4. INVESTMENTS

The Plan reports under accounting standards related to fair value measurements for assets and liabilities measured at fair value on a recurring basis. This requires quantitative disclosures about fair value measurements separately for each major category of assets and liabilities and clarifies the definition of fair value for financial reporting, establishes a hierarchal disclosure framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

The three levels of the fair value hierarchy and their applicability to the Plan investments are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. These investments are valued based on the market price on publicly traded markets as of the last day of the fiscal year.

Level 2 – Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.

Level 3 – Pricing inputs are unobservable for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes private portfolio investments that are supported by little or no market activity.

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. These methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

The Plan's investments are valued using Level 2 inputs, except for temporary investments which are valued using Level 1 inputs. The primary inputs used to value the Level 2 investments were the interest rate and maturity term.

NOTE 4. INVESTMENTS (CONTINUED)

Financial assets and liabilities measured at fair value on a recurring basis as of February 28, 2017 and February 29, 2016 are summarized in the following tables by type of inputs and asset classes:

Description	February 28, 2017	Level 1	Level 2	Level 3
Certificates of deposit	$ 1,732,000	$ -	$ 1,732,000	$ -
Temporary investment	129,025	129,025	-	-
	$ 1,861,025	$ 129,025	$ 1,732,000	$ -

Description	February 29, 2016	Level 1	Level 2	Level 3
Certificates of deposit	$ 1,822	$ -	$ 1,822	$ -
Temporary investment	22,183	22,183	-	-
	$ 24,005	$ 22,183	$ 1,822	$ -

NOTE 5. INCOME TAX STATUS

The Trust established under the Plan to hold the Plan's assets is intended to qualify pursuant to section 501(c)(9) of the Internal Revenue Code (IRC), and accordingly, the Trust's net investment income is exempt from income taxes. The Trust has obtained a favorable tax determination letter from the Internal Revenue Service, and the Plan sponsor believes that the Trust, as amended, continues to qualify and to operate in accordance with applicable provisions of the IRC.

The Plan accounts for income taxes in accordance with the Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity’s financial statements and prescribe a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Plan performed an evaluation of uncertain tax positions for the years ended February 28, 2017 and February 29, 2016, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of February 28, 2017, the statute of limitations for tax years 2013 through 2015 remains open with the U.S. Federal jurisdiction in which the Plan files returns.

NOTE 6. PLAN TERMINATION

The Trustees reserve the right to terminate or amend the Plan. In the event of the final termination of the Agreement and Declaration of Trust and the Fund, the Trustees may proceed with the termination of the Plan or take such other action as permitted by law. The Trustees shall continue to serve as trustees and the Plan’s assets shall continue to be held in trust until all matters relating to termination have been completed.

NOTE 6. PLAN TERMINATION (CONTINUED)

Upon termination, after payment of all pending benefit claims, reasonable expenses, taxes, and proper charges, the Plan's assets shall be allocated and distributed in the manner, and to the persons, that the Trustees determined will best effectuate the purposes hereof, provided that such allocation and distribution shall be in the best interests of eligible employees and eligible dependents, shall not unduly impair the benefit rights of such eligible persons existing at the time of termination, and shall be consistent with the provisions of ERISA, the Internal Revenue Code, and other applicable law.

NOTE 7. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the organization to credit risk include cash on deposit with any financial institution that is in excess of federally insured limits. A possible loss exists for the amount held in excess of federally insured limits. At February 28, 2017, the Plan had cash balance that exceeded the federally insured limits by approximately $166,000. In addition, the Plan invests in a money market account that is not covered by federal insurance. The Plan's management believes it is not exposed to any significant financial risk regarding cash balances.

NOTE 8. SUBSEQUENT EVENTS REVIEW

Subsequent events were evaluated through TBD, 2017, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction which would require additional adjustment to or disclosure in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

Lithographers and Photoengravers Local 285 Welfare Fund

Schedules of Administrative Expenses

Years Ended February 28, 2017 and February 29, 2016

	2017	2016
Administrative expenses	$ 91,473	$ 88,173
Audit and accounting fees	4,000	13,400
Consulting fees	7,500	-
Insurance	21,573	22,413
Legal fees	22,385	17,494
Bank charges	820	824
Other	6,000	2,455
Total	$ 153,751	$ 144,759

Lithographers and Photoengravers Local 285 Welfare Fund

Schedule H, Part VI, Line 4i - Schedule of Assets (Held at Year End)

February 28, 2017

Form 5500, Schedule H, Line 4i

E.I.N.: 23-7237228
Plan no.: 501

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description Face Value/Share	Maturity Date	Interest Rate	(d) Cost	(e) Current Value
	Temporary investment					
	Not-for-profit treasury fund	N/A	N/A	N/A	$ 129,025	$ 129,025
	Certificates of deposit					
	Ally Bank	$ 100,000	3/19/2018	1.45%	100,000	100,000
	Ally Bank	100,000	3/19/2018	1.25%	100,000	100,000
	American Express Centurion Bank	249,000	12/18/2017	1.30%	249,000	249,000
	Capital One Bank USA	155,000	8/21/2017	1.25%	155,000	155,000
	Capital One NA	249,000	8/20/2018	1.75%	249,000	249,000
	CIT Bank	130,000	5/22/2018	1.25%	130,000	130,000
	CIT Bank	50,000	7/2/2018	1.30%	50,000	50,000
	Goldman Sachs Bank	100,000	11/19/2018	1.70%	100,000	100,000
	Synchrony Bank	100,000	4/21/2017	1.10%	100,000	100,000
	Wells Fargo Bank NA	50,000	10/20/2017	0.85%	50,000	50,000
	Wells Fargo Bank NA	200,000	1/22/2019	1.55%	200,000	200,000
	Worlds Foremost Bank	249,000	6/12/2023	2.50%	249,000	249,000
					1,732,000	1,732,000
	Total assets held for investment purposes				$ 1,861,025	$ 1,861,025

Lithographers and Photoengravers Local 285 Welfare Fund

Schedule H, Part VI, Line 4j - Schedule of Reportable (5%) Transactions

Year Ended February 28, 2017

Form 5500, Schedule H, Line 4j

E.I.N.: 23-7237228
Plan no.: 501

(a) Identity of Party Involved	(b) Description of Asset (include interest rate and maturity in case of a loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	Expenses Incurred with Transaction	(g) Cost of Asset	Asset on Transaction Date	(i) Net Gain or (Loss)
N/A	Certificate of Deposit - CIT Bank	N/A	$ 120,000	N/A	N/A	$ 120,000	$ 120,000	$ -
N/A	Certificate of Deposit - Mercantile Commerce Bank	N/A	200,000	N/A	N/A	200,000	200,000	-
N/A	Certificate of Deposit - CIT Bank	$ 130,000	N/A	N/A	N/A	130,000	130,000	N/A
N/A	Certificate of Deposit - Wells Fargo Bank NA	200,000	N/A	N/A	N/A	200,000	200,000	N/A