Carpenters Local Union No. 491
Annuity Plan

Financial Statements with Supplemental Information and Independent Auditor's Report

For The Years Ended December 31, 2019 And 2018

CARPENTERS LOCAL UNION NO. 491 ANNUITY PLAN

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Trustees
Carpenters Local Union No. 491 Annuity Plan
Sparks, Maryland

We have audited the accompanying financial statements of Carpenters Local Union No. 491 Annuity Plan, which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, 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

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.

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 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 net assets available for benefits of Carpenters Local Union No. 491 Annuity Plan as of December 31, 2019 and 2018, and the changes in its net assets available for benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Trustees
Carpenters Local Union No. 491 Annuity Plan
Sparks, Maryland
(continued)

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule of Assets Held for Investment Purpose at End of Year, and Schedule of Reportable Transactions, referred to as "supplemental information", is presented for the purpose of additional analysis and is not a required part of the financial statements but is 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 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 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.

Ira Marc Miller & Co., P.A.

May 13, 2020
Baltimore, Maryland

CARPENTERS LOCAL UNION NO. 491 ANNUITY PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Investments (at fair value):		
Money market mutual fund	$ 210,419	$ 208,186
Equity funds	25,658,910	29,501,970
Bond and Income Funds	21,878,333	9,733,911
Total investments	47,747,662	39,444,067
Receivables:		
Participating employers' contributions	183,340	129,185
Notes receivable from participants	880,585	464,067
Accrued dividends and interest	270	161,617
Total receivables	1,064,195	754,869
Prepaid expenses	3,521	3,835
Cash	583,328	674,780
Total assets	49,398,706	40,877,551
LIABILITIES		
Due to broker for securities purchased	-	64,578
Accounts payable	14,305	4,862
Total liabilities	14,305	69,440
Net assets available for benefits	$ 49,384,401	$ 40,962,070

See accompanying notes to financial statements.

CARPENTERS LOCAL UNION NO. 491 ANNUITY PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment income:		
Dividends	$ 1,365,071	$ 1,427,632
Interest	4,425	2,347
Net appreciation (depreciation) in fair value of investments	6,275,062	(3,064,018)
	7,644,558	(1,634,039)
Less investment expenses	(12,248)	(8,330)
Net investment income (loss)	7,632,310	(1,642,369)
Participant loan interest	2,776	3,048
Employers' contributions	3,683,820	3,274,650
Other income		
Reimbursed consulting fees	2,000	-
Total additions	11,320,906	1,635,329
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	2,797,226	2,714,238
Administrative expenses:		
Audit fees	14,000	14,000
Bank charges	273	208
Contract administrator	8,140	7,883
Consulting fees	-	6,000
Employer audits	6,078	1,063
Insurance	9,875	10,131
Legal fees	60,086	38,110
Office expense	649	1,183
Printing and postage	2,248	1,707
Total administrative expenses	101,349	80,285
Total deductions	2,898,575	2,794,523
Net increase (decrease) in net assets available for benefits	8,422,331	(1,159,194)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	40,962,070	42,121,264
End of year	$ 49,384,401	$ 40,962,070

See accompanying notes to financial statements.

NOTE A – DESCRIPTION OF PLAN

The following brief description of the Carpenters Local Union No. 491 Annuity Plan (the Plan) is provided for general information purposes only. Participants should refer to the Summary Plan Description for more complete information.

A. General – The Plan is a money purchase pension plan covering all persons who are employed under a collective bargaining agreement entered into between an Employer and Carpenters Local Union No. 491 which requires the Employer to make contributions to the Plan. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). A participant in the Plan (or his beneficiary) may become eligible for normal retirement, disability retirement and death benefits. There is no waiting period for a member of Carpenters Local Union No. 491 to become a participant.

B. Contributions – The Employers make contributions to the Plan monthly based upon requirements in the Collective Bargaining Agreement at an hourly rate based on an employee's hours worked. No employee contributions are permitted. The rate per hour worked contributed to the Plan by the participating employers is $4.45 per hour worked for the period March 1, 2018 through April 30, 2019 and $5.00 per hour worked for the period May 1, 2019 through April 30, 2024.

C. Participant Accounts – Each participant's account is credited with the employer's contributions and an allocation of earnings, gains, losses and expenses. A participant is immediately 100% vested in their account balance and there are no forfeitures in any participant account.

D. Death and Disability Benefits – If a participant becomes permanently and totally disabled, disability benefits equal to the balance of the participant's account as of the date of disability can be paid as permitted under the Plan. If a participant dies prior to commencement of retirement benefits, the beneficiary is entitled to receive a benefit equal to the participant's account balance. If a participant dies after payment of retirement benefits have begun, the beneficiary may be entitled to receive certain benefits, depending on the method of payment which was selected at the time of retirement.

E. Normal Retirement Benefits – The Plan permits commencement of retirement benefits at termination of employment as described in the Plan document. The Administrator of the Plan will direct that retirement benefits be paid in a lump sum or installments.

   A participant who attains his normal retirement age under this Plan shall be entitled once per plan year to receive a distribution from the Plan even if the participant remains in the employment of an employer after his retirement age.

F. Forfeitures – Participants are immediately 100% vested in their respective accounts once the employer makes the collectively bargained contribution. The participant is entitled to the entire balance in their account and therefore there are no forfeitures.

NOTE A – DESCRIPTION OF PLAN (continued)

G. Notes Receivable from Participants – Participants may borrow from their annuity accounts up to 50% of their account balance, not to exceed $50,000. A new loan will not be made to a participant if the participant has one or more loans outstanding. Loans are made pursuant to repayment terms and conditions that the Plan management deems appropriate. Participant loans are written off when deemed so by management after correspondence with the participant, therefore no allowance is considered necessary. Participant loan interest totaled $2,776 and $3,048, for the years ended December 31, 2019 and 2018, respectively.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting – The accompanying financial statements are prepared on the accrual basis of accounting whereby income and expenses and the related assets and liabilities are recognized when the income is earned or the obligation is incurred.

   The Plan prepares its annual information returns on the same basis as the financial statements.

B. Investment Valuation and Income Recognition – The Plans investments are stated 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 fashion between market participants at the measurement date. See Note F for discussion of fair value measurements.

   Purchase 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.

   The Plan has invested in Goldman Financial Treasury Obligation Fund. The net asset value is used as an estimate of fair value as the plan has the ability to redeem its investment at net asset value as of the measurement date.

C. Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

D. Payment of Benefits – Benefits are recorded when paid.

E. Expenses – All operating expenses of the plan are paid by the Plan.

F. Notes Receivable from Participants – Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based on the terms of the Plan document.

NOTE C – TAX EXEMPT STATUS

The Internal Revenue Service (IRS) has determined and informed the Carpenters Local Union No. 491 Annuity Plan by a letter dated September 22, 2015 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of IRC.

Accounting principles generally accepted in the United States of America require the plan administrator to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to December 31, 2017.

NOTE D – PLAN TERMINATION

Although the Plan Trustees have not expressed any intent to do so, the Trustees have the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, net assets are to be used to provide for the payment of any and all obligations of the Plan, subject to the provisions of ERISA. Such payment shall be for the exclusive benefit of the employees, their families, dependents or beneficiaries, and the administrative expenses of the Plan.

NOTE E – INVESTMENTS

Investments are recorded at fair market value. Investments exceeding 5% of the Plan's net assets are identified below:

	December 31	
	2019	2018
Mutual funds-bond and income	$ 21,878,333	$ 9,733,911
Mutual funds- equity	25,658,910	29,501,970
	$ 47,537,243	$ 39,235,881

During the years ended December 31, 2019 and 2018, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value by $6,275,062 and ($3,064,018), respectively as follows:

	2019	2018
Mutual funds - bond and income	$ 1,181,036	$ (434,049)
Mutual funds - equity	5,094,026	(2,629,969)
	$ 6,275,062	$ (3,064,018)

NOTE F – FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statements of net assets available for benefits. The methods used to measure fair value may produce an amount 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.

	Fair Value	(Level 1)	(Level 2)
December 31, 2019			
Goldman Financial Square Treasury Obligation	$ 210,419	$ -	$ 210,419
Mutual funds - bond and income	21,878,333	21,878,333	-
Mutual funds - equity	25,658,910	25,658,910	-
Total	$ 47,747,662	$ 47,537,243	$ 210,419
December 31, 2018			
Goldman Financial Square Treasury Obligation	$ 208,186	$ -	$ 208,186
Mutual funds - bond and income	9,733,911	9,733,911	-
Mutual funds - equity	29,501,970	29,501,970	-
Total	$ 39,444,067	$ 39,235,881	$ 208,186

The fair value measurements accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of significant other observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs were used only when Level 1 inputs were not available.

Level 1 Fair Value Measurements

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. The fair values of equity and bond and income mutual funds are based on quoted market prices from active markets.

Level 2 Fair Value Measurements

The Plan has invested in Goldman Financial Treasury Obligation Fund. The net asset value is used as an estimate of fair value as the plan has the ability to redeem its investment at net asset value as of the measurement date.

Gains and losses (realized and unrealized) included in the statements of changes in net assets available for benefits for the years ended December 31, 2019 and 2018 are reported in net appreciation in fair value of investments. The Plan's policy is to recognize transfers into and out of Level 3 at the end of the reporting period. For the years ended December 31, 2019 and

NOTE F – FAIR VALUE MEASUREMENTS (continued)

2018, there were no significant transfers into or out of Level 3. There have been no changes in valuation techniques for the years ended December 31, 2019 and 2018.

NOTE G – REPORTABLE TRANSACTIONS

The provisions of ERISA require presentation of a schedule of transactions which exceed 5% of the net assets available for benefits. There were no reportable transactions in 2019 and 2018.

NOTE H – PLAN NAME CHANGE

The name of the Plan and Trust was changed to the Carpenters Local No. 491 Annuity Plan effective January 1, 2004. The previous name of the Plan and Trust was Cabinetmakers' Local No. 974 and Carpenters' Local No. 1110 Annuity Plan or Trust.

NOTE I – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. 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 such changes could materially affect participants' account balances reported in the statements of net assets available for benefits.

Cash is held at banking institutions which are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The Plan had $492,994 and $514,161 of uninsured balances as of December 31, 2019 and 2018, respectively.

NOTE J – DATE OF MANAGEMENTS REVIEW AND SUBSEQUENT EVENTS

Events that occur after the date of the financial statements, but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of this statement of net assets available for benefits are recognized in the accompanying financial statements. Management evaluated the activity of the Plan through May 13, 2020, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

CARPENTERS LOCAL UNION NO. 491 ANNUITY PLAN
2019 FORM 5500
SCHEDULE OF ASSETS HELD FOR INVESTMENTS PURPOSES AT END OF YEAR
E.I.N. 52-1840473 PLAN 002
SCHEDULE H, LINE 4i
FOR THE YEAR ENDED DECEMBER 31, 2019

(a)	(b) Identity of issue	(c) Description		(d) Cost		(e) Fair Value
	Amalgamated Bank of Chicago Custodian Account 1554890008					
		Goldman Treasury Square Treasury Obligation	$	210,419		210,419
		Dodge and Cox Income Fund		5,058,966		5,343,368
		Legg Mason Western Asset Core Plus Bond Fund Inst Class		5,129,187		5,461,526
		DFA Real Estate Securites Portfolio		1,959,162		2,441,103
		American Europacific Growth Class R6		3,828,776		4,695,309
		Fidelity Extended Market Index Fund		4,089,769		4,970,680
		Vanguard Total Bond market Index Inst Shares		10,509,144		11,073,440
		Vanguard Institutional Index Fund #94		10,687,177		13,551,817
		Subtotal		41,472,600		47,747,662
	Notes receivable from participants maturing through December 2020 with an interest rate of 5% **					880,585
		Total			$	48,628,247

* *Nonparticipant-directed*

** *A party-in-interest as defined by ERISA*

See accompanying notes to financial statements.

CARPENTERS LOCAL UNION NO. 491 ANNUITY PLAN
SCHEDULE OF REPORTABLE TRANSACTIONS
FORM 5500, SCHEDULE H, LINE 4j
E.I.N. 52-1840473 PLAN 002
DECEMBER 31, 2019

Transaction date	Identity of party involved	Description of asset	Shares	Purchase price	Selling price	FMV at 12/31/19 or purchase cost of asset	Net gain or (loss)

No reportable transactions.