UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND

Financial Statements

December 31, 2018 and 2017

With Independent Auditors' Report

withum

ADVISORY TAX AUDIT

United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund
December 31, 2018 and 2017

TABLE OF CONTENTS

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ADVISORY TAX AUDIT

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
United Food and Commercial Workers Unions
and Participating Employers Health and Welfare Fund:

Report on the Financial Statements

We have audited the accompanying financial statements of the United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017 and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund as of December 31, 2018 and 2017, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WithumSmith+Brown, PC

October 7, 2019
Bethesda, MD

United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund
Statements of Net Assets Available for Benefits
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 9,085,230	$ 5,000,029
Investments - at fair value		
U.S. government and agency securities	565,286	606,932
Corporate bonds	1,268,338	1,202,915
Total investments	1,833,624	1,809,847
Receivables		
Employers' contributions	1,436,222	2,254,549
Prescription rebates	749,580	317,461
Accrued interest	30,152	17,854
Other	73,333	1,724
Total receivables	2,289,287	2,591,588
Prepaid expenses	15,404	16,609
Total assets	13,223,545	9,418,073
Liabilities		
Accounts payable and accrued expenses	128,588	213,335
Employer deposits	133,142	130,307
Total liabilities	261,730	343,642
Net assets available for benefits	$ 12,961,815	$ 9,074,431

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

United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2018 and 2017

	2018	2017
Additions		
Contributions		
Employers	$ 26,063,706	$ 47,583,086
Participants	269,781	532,678
Total contributions	26,333,487	48,115,764
Investment income		
Net depreciation in fair value of investments	(21,297)	(3,900)
Interest and dividends	171,397	86,819
Investment expenses	(6,650)	(5,899)
Net investment income	143,450	77,020
Other income	22,546	22,500
Total additions	26,499,483	48,215,284
Deductions		
Benefits	20,852,729	42,998,180
Claims administration fees	860,737	2,517,579
Administrative expenses		
Contract administrator fees	465,151	685,928
Affordable Care Act fees	19,944	20,148
Legal fees	141,978	796,873
Conference and meeting expenses	9,747	11,955
Audit fees	46,800	47,150
Actuary fees	21,895	9,700
Postage, printing and supplies	49,650	70,704
Bonding and insurance	32,834	32,889
Telephone	1,640	1,574
Consulting fees	97,150	94,810
Miscellaneous	11,844	27,066
Total administrative expenses	898,633	1,798,797
Total deductions	22,612,099	47,314,556
Net increase	3,887,384	900,728
Net assets available for benefits		
Beginning of the year	9,074,431	8,173,703
End of the year	$ 12,961,815	$ 9,074,431

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

1. PLAN DESCRIPTION

General

The United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund (the Plan) is a multiemployer health benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective September 1, 2012, the Board of Trustees of the Plan approved separation of the health and welfare plan for active participants and the health and welfare plan for retirees by establishment of two separate programs under the Trust. The active program is called the UFCW Unions and Participating Employers Active Health and Welfare Plan and the retiree program is called the UFCW Unions and Participating Employers Retiree Health and Welfare Plan. The assets, liabilities, income and expenses of these two programs are separately accounted for and all activity of these two programs have been combined in the Plan's financial statements.

Benefits

The Plan covers employees working in jobs covered by the collective bargaining agreements between certain employers and United Food and Commercial Workers Local Unions 400 and 27, and employees of participating employers for which contributions are required to be made 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. Benefit levels vary, and are determined by the amount of the contributions as agreed to in the collective bargaining agreements and participation agreements. Under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA), participants and their dependents may continue their eligibility for benefits under the Plan for a certain period after the occurrence of a qualifying event.

Eligible retirees may elect health and welfare coverage, including prescription drug coverage, subject to Plan rules and co-payments, if applicable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and benefit obligations and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 on fair value measurements for valuation methodologies in detail. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Net appreciation or depreciation includes the Plan's realized and unrealized gains and losses on investments bought and sold, as well as held during the year.

Claims Payable and Claims Incurred but Not Reported

Claims payable to or for participants, beneficiaries and dependents represent actual amounts paid or payable after year end for all reported claims for benefits occurring during the respective accounting periods, days lost due to disabilities that began during those periods, and other miscellaneous benefits related to services performed in those respective periods. The Plan's obligation for claims incurred by participants but not reported at year end are estimated by the Plan's actuary in accordance with accepted actuarial principles based on claims data provided by the Plan.

Postretirement Benefit Obligations

The postretirement benefit obligation as of December 31, 2018 and 2017 represents the actuarial present value of those estimated future benefits that are attributed to employee service rendered to December 31, 2018 and 2017, reduced by the actuarial present value of contributions expected to be received in the future from or on behalf of current plan participants. Postretirement benefits include future benefits for (1) currently eligible retired employees and their beneficiaries and dependents and (2) active employees and their beneficiaries and dependents after retirement from service with participating employers. The postretirement benefit obligation represents the amount that is to be funded by contributions from the Plan's participating employers and from existing plan assets. Prior to an active employee's full eligibility date, the postretirement benefit is the portion of the expected postretirement benefit that is attributed to that employee's service in the industry rendered to the valuation date. However, as stated under the terms of the Plan, the Trustees and/or collective bargaining parties reserve the right to amend, modify, or terminate the Plan and the benefits provided thereunder, in whole or in part, at any time.

The actuarial present value of the expected benefit obligations is determined by the Plan's actuary and is the amount that results from applying actuarial assumptions to historical claims-cost data to estimate future annual incurred claims cost 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.

Benefits

Benefits are recognized when paid.

Employers' Contributions Receivable

The Plan reports as employers' contributions receivable contributions due which relate to work periods on or before December 31, but not received by year end. Estimates may be used if remittance reports are not received timely. No allowance for uncollectible accounts has been established, as it is believed that all receivables are collectible.

Contributions from Participants

Participant contributions represent premium copayments received from current retirees. All retirees are required to pay for Medicare Part B when they become eligible for that benefit.

Subsequent Events

In preparing these financial statements, management of the Plan has evaluated events and transactions that occurred after December 31, 2018 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through October 7, 2019, the date that the financial statements were available to be issued, and no items have come to the attention of management that require recognition or disclosure.

3. BENEFIT OBLIGATIONS

The Plan reports its benefit obligations in conformity with accounting principles generally accepted in the United States of America. Information regarding amounts currently payable to or for participants, beneficiaries, and dependents for service providers and insurance premiums as of December 31, 2018 and 2017 are determined by the Plan's management. Information regarding amounts incurred but not reported and the present value of the Plan's benefit obligations as of December 31, 2018 and 2017, is determined by the Plan's actuaries. Information regarding the present value of the Plan's benefit obligations as of December 31, 2018 and 2017, is shown below:

	2018	2017
Amounts currently payable to or for participants, beneficiaries, and dependents		
Claims payable and claims incurred but not reported	$ 2,118,446	$ 3,412,275
Group insurance and service providers payable	105,109	114,295
	2,223,555	3,526,570
Benefit obligations		
Current retirees	49,900,000	48,700,000
Other participants fully eligible for benefits	24,600,000	24,000,000
Participants not fully eligible for benefits	27,600,000	26,900,000
	102,100,000	99,600,000
Total benefit obligations	$ 104,323,555	$ 103,126,570

Information regarding the changes in benefit obligations for the years ended December 31, 2018 and 2017 is shown below:

	2018	2017
Amounts currently payable to or for participants, beneficiaries, and dependents		
Balance at beginning of year	$ 3,526,570	$ 4,332,542
Increase (decrease) during year attributable to		
Changes in claims payable and claims incurred but not reported	(1,293,829)	(788,107)
Changes in group insurance and service providers payable	(9,186)	(17,865)
Balance at end of year	2,223,555	3,526,570
Postretirement benefit obligations		
Balance at beginning of year	99,600,000	128,000,000
Increase (decrease) during year attributable to:		
Net benefits paid	(2,700,000)	(2,900,000)
Changes in actuarial assumptions	--	1,100,000
Passage of time	3,500,000	4,500,000
Benefits earned	1,700,000	1,600,000
Plan amendments	--	(28,400,000)
Other changes	--	(4,300,000)
Balance at end of year	102,100,000	99,600,000
Total plan benefit obligations	$ 104,323,555	$ 103,126,570

Some of the more significant actuarial assumptions used to calculate the benefit obligations at December 31, 2018 and 2017 are as follows:

- Discount Rate - 3.5% for 2018 and 2017.
- Health cost trend for Medical - For 2018, an initial trend rate of 2.75% for 2019 followed by 5.37% for 2020 grading to 3.5% for 2034 and later. For 2017, an initial trend rate of 2.75% for 2019 followed by 5.37% for 2020 grading to 3.5% for 2034 and later.
- Health cost trend for Drug - For 2018, an initial trend rate of 4.50% for 2019 followed by 8.63% for 2020 grading to 3.50% for 2034 and later. For 2017, an initial trend rate of 4.50% for 2019 followed by 8.63% for 2020 grading to 3.50% for 2034 and later.
- Rates of mortality for healthy inactive participants - For 2018 based on the RP-2000 healthy annuitant mortality table (2014 base year – fully generational with Scale AA). For 2017 based on the RP 2000 healthy annuitant mortality table projected 2 years to 12/31/15 with Scale AA and projected on a generational basis thereafter.
- Rates of mortality for active participants - For 2018 based on the RP-2000 healthy annuitant mortality table (2014 base year – fully generational with Scale AA). For 2017 based on the RP 2000 healthy annuitant mortality table projected 2 years to 12/31/15 with Scale AA and projected on a generational basis thereafter.
- Rates of mortality for disabled participants - For 2018 and 2017, based on the RP-2000 disabled annuitant mortality table for ages prior to 65 and the same mortality as healthy inactives for ages 65 and older.

- Rates of retirement: For 2018 and 2017, 5% for ages 55-59, 10% for ages 60-64, 50% for ages 65-66, and 100% for ages 67 and older.
- Plan amendments – Retirees from one former contributing employer are no longer eligible for coverage under the Plan, as discussed in note 10.

The benefit obligations are reported net of the present value of estimated contributions expected to be paid by retirees of $2,800,000 and $3,000,000 as of December 31, 2018 and 2017, respectively.

The medical trend rate has a significant effect on the amounts reported. If the assumed rates increased by one-percentage point in each year, that would increase the benefit obligations as of December 31, 2018 and 2017 by $19,200,000 and $17,400,000, respectively.

The Plan made prescription drug benefit payments of $5,701,069 and $6,470,060 during the years ended December 31, 2018 and 2017, respectively. The Plan received $169,090 and $140,701 of Medicare subsidy during the years ended December 31, 2018 and 2017, respectively. Medicare subsidies are netted with benefits that are shown on the statements of changes in net assets available for benefits.

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

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

Level 2
Inputs to the valuation methodology include 1) quoted prices for similar assets or liability in active markets; 2) quoted prices for identical or similar assets or liabilities in inactive markets; 3) inputs other than quoted prices that are observable for the asset or liability; 4) 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 the 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodology used at December 31, 2018 and 2017.

- Certain U.S government and agency securities are valued based on quoted market prices.
- Certain U.S. government and agency securities, corporate bonds and municipal bonds are valued using quoted prices of similar assets, corroborated market data, indices and/or yield curves.

- Cash equivalents include money market funds valued at the daily closing price as reported by the funds. The money market funds held by the Plan are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The money market funds held by the Plan are deemed to be actively traded.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

Management evaluates 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, 2018, there were no transfers in or out of levels 1, 2 or 3.

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

	2018			
	Level 1	Level 2	Level 3	Total Fair Value
US government and agency securities	$ 147,618	$ 417,668	$ --	$ 565,286
Corporate and municipal bonds	--	1,268,338	--	1,268,338
Cash equivalents	9,059,478	--	--	9,059,478
Total assets in fair value hierarchy	$ 9,207,096	$ 1,686,006	$ --	$ 10,893,102

	2017			
	Level 1	Level 2	Level 3	Total Fair Value
US government and agency securities	$ 147,618	$ 459,314	$ --	$ 606,932
Corporate and municipal bonds	--	1,202,915	--	1,202,915
Cash equivalents	4,823,712	--	--	4,823,712
Total assets in fair value hierarchy	$ 147,618	$ 6,485,941	$ --	$ 6,633,559

5. 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 that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

The actuarial present value of benefit obligations is reported based on certain assumptions pertaining to interest rates, health care inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

6. TAX STATUS

The Internal Revenue Service (IRS) has recognized the trust that holds the assets of the Plan as exempt from federal income taxation under Section 501(a) of the Internal Revenue Code (the Code), as described at Section 501(c)(9), and as stated in its latest determination letter received in 1994. The IRS stated the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan has been amended since receiving the determination letter. However, the Plan's Trustees believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has evaluated the tax positions taken by the Plan and concluded that as of December 31, 2018 there are no uncertain positions taken or expected to be taken that would require recognition in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. In addition, there have been no tax related interest or penalties for the periods presented in these financial statements.

7. PRIORITIES UPON TERMINATION

It is the 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 plan assets will be distributed in such manner as will, in the opinion of the Trustees, bring about the purpose of the Plan. Termination shall not permit any part of the plan assets to be used for or diverted to purposes other than the exclusive benefit of the participants.

8. CONTRIBUTIONS FROM MAJOR EMPLOYERS

Three employers accounted for approximately 99% of total contributions for the years ended December 31, 2018 and 2017. Two employers with common ownership represented 94% and 55%, respectively, of total contributions for those years.

9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the Plan's net assets available for benefits per the 2018 and 2017 financial statements to Form 5500:

	2018	2017
Net assets available for benefits per the financial statements	$ 12,961,815	$ 9,074,431
Amounts currently payable to or for participants, beneficiaries, and dependents at end of year	(2,223,555)	(3,526,570)
Net assets per Form 5500	$ 10,738,260	$ 5,547,861

The following is a reconciliation of benefits paid per the financial statements to Form 5500 for the year ended December 31, 2018:

Benefits paid per the financial statements	$	20,852,729
Amounts currently payable to or for participants, beneficiaries, and dependents at end of year		2,223,555
Amounts currently payable to or for participants, beneficiaries, and dependents at beginning of year		(3,526,570)
Benefits paid per Form 5500	$	19,549,714

Benefits paid recorded on the Form 5500 include benefit claims that have been processed and approved for payment prior to December 31, 2018 but not yet paid as of that date, and claims incurred but not reported at the end of the Plan year.

10. BENEFIT REIMBURSEMENT ARRANGEMENT

The Plan had one employer that negotiated a collective bargaining agreement establishing a 100% benefit reimbursement arrangement, whereby the employer pays all the health benefit costs of its employees, plus an administrative fee. The benefits paid and reimbursements received for 2018 and 2017 are as follows:

		2018		2017
Benefits paid	$	1,178,775	$	20,850,107
Reimbursements received		1,311,917		20,980,414
Net amounts due to employer	$	(133,142)	$	(130,307)

Benefits paid and reimbursements received or accrued are recorded as benefits and employer contributions, respectively, on the statements of changes in net assets available for benefits. The net amounts advanced by, or due from, the employer are recorded as employer deposits or other receivables on the statements of net assets available for benefits for 2018 and 2017, respectively.

As a result of collective bargaining between the employer and one of the participating unions: (a) retiree health coverage under the Fund for the former employees of the employer, and their dependents, terminated on June 30, 2018; and (b) active health coverage under the Fund for the employees of the employer, and their dependents, terminated on December 31, 2018 or January 31, 2019, depending on the collective bargaining agreements covering these employees. For the years ended December 31, 2018 and 2017, this employer accounted for approximately 5% and 44%, respectively, of total contributions under the benefit reimbursement arrangement.

SUPPLEMENTARY INFORMATION

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ADVISORY TAX AUDIT

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees,
United Food and Commercial Workers Unions
and Participating Employers Health and Welfare Fund:

We have audited the financial statements of United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund as of and for the years ended December 31, 2018 and 2017, and our report thereon dated October 7, 2019 which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of contributions and benefits for the years ended December 31, 2018 and 2017 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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.

WithumSmith+Brown, PC

October 7, 2019
Bethesda, MD

United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund
Schedules of Contributions
Years Ended December 31, 2018 and 2017

	2018	2017
Employer contributions		
Associated Administrators, LLC	$ 43,366	$ 40,836
Kel-Co Federal Credit Union	119,695	115,091
Kroger Food Stores	1,311,917	20,980,414
Metro	5,978,752	6,055,397
Perkins Management Services	--	30,884
Safeway	35,729	59,549
Shoppers Food Warehouse	18,568,973	20,299,200
United Food and Commercial Workers Local 400	5,274	1,715
Total employer contributions	26,063,706	47,583,086
Individual participant contributions	269,781	532,678
Total contributions	$ 26,333,487	$ 48,115,764

See Independent Auditors' Report on Supplementary Information.

United Food and Commercial Workers Unions and Participating Employers Health and Welfare Fund
Schedules of Benefits
Years Ended December 31, 2018 and 2017

	2018	2017
Medical benefits paid directly by the plan		
Health claims	$ 13,908,676	$ 25,906,912
Accident and sickness	934,265	1,371,442
	14,842,941	27,278,354
Benefits and administrative fees paid to service providers		
Pharmaceutical		
Informed RX	3,280,006	5,430,423
Optical		
Fidelity	114,611	217,792
Fidelity - Richmond Tidewater	--	43,170
Mental Health and Substance Abuse Benefits		
Value Options	344,131	422,041
Other Medical		
Anthem Health Insurance - Kroger	114,399	6,285,559
	3,853,147	12,398,985
Insurance premiums		
Dental		
Group Dental Services, Inc.	1,054,497	1,704,267
Health Maintenance Organizations		
Aetna U.S. Healthcare - Richmond Tidewater	2,606	345,727
Kaiser Permanente	1,010,983	1,024,081
Life, AD&D insurance		
Metlife	88,555	246,766
	2,156,641	3,320,841
Total benefits	$ 20,852,729	$ 42,998,180

See Independent Auditors' Report on Supplementary Information.