United Food and Commercial Workers Unions and Participating Employers Pension Fund

Financial Statements

For the Years Ended December 31, 2016 and 2015

BOND BEEBE
ACCOUNTANTS & ADVISORS

UNITED FOOD AND COMMERCIAL WORKERS UNIONS
AND PARTICIPATING EMPLOYERS PENSION FUND
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BOND BEEBE
ACCOUNTANTS & ADVISORS

REPORT OF INDEPENDENT AUDITORS

Board of Trustees
United Food and Commercial Workers Unions
and Participating Employers Pension Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the United Food and Commercial Workers Unions and Participating Employers Pension Fund (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015 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

The Plan's 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 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, information regarding the United Food and Commercial Workers Unions and Participating Employers Pension Fund's net assets available for benefits as of December 31, 2016, and the changes therein for the year then ended and its financial status as of December 31, 2015, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A Professional Corporation
Bethesda, MD
October 10, 2017

UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
Investments - at fair value		
Collective investment funds	$ 35,715,764	$ 36,357,966
Common stocks	19,294,917	18,104,309
Corporate bonds	7,693,667	7,686,756
Government and government agency securities	1,871,943	2,009,977
Hedge funds	8,927,847	13,387,129
Pooled separate account	11,128,980	11,292,590
Real estate funds	11,839,493	10,908,627
Short-term investment funds	3,077,768	781,855
	99,550,379	100,529,209
Receivables		
Employer contributions	621,591	528,132
Employer withdrawal contributions	2,761,411	2,553,633
Accrued interest and dividends	125,753	133,084
Due from broker for securities sold	8,363,777	-
Other	8,973	19,183
	11,881,505	3,234,032
Cash	936,468	923,172
TOTAL ASSETS	112,368,352	104,686,413
LIABILITIES		
Accounts payable	225,698	418,737
NET ASSETS AVAILABLE FOR BENEFITS	$ 112,142,654	$ 104,267,676

See Notes to Financial Statements

UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income		
Net appreciation in fair value of investments	$ 5,485,742	$ 780,675
Interest	421,919	490,344
Dividends	784,549	886,079
	6,692,210	2,157,098
Investment expenses	(668,023)	(717,543)
	6,024,187	1,439,555
Employer contributions	6,249,977	6,707,933
Employer withdrawal contributions	6,906,600	2,488,835
TOTAL ADDITIONS	19,180,764	10,636,323
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Benefits	10,828,068	10,311,525
Administrative expenses		
Actuarial fees	125,800	143,657
Audit fees	47,020	46,500
Contract administrator fees	680,883	716,976
Insurance and bonding	30,357	29,635
Legal fees	390,418	444,753
Meetings and conferences	20,115	27,913
Payroll audit fees	4,716	1,766
Pension Benefit Guaranty Corporation premiums	425,790	406,952
Printing, postage and miscellaneous	22,819	22,602
	1,747,918	1,840,754
TOTAL DEDUCTIONS	12,575,986	12,152,279
NET INCREASE (DECREASE) BEFORE TRANSFER	6,604,778	(1,515,956)
NET TRANSFERS FROM UNITED FOOD AND COMMERCIAL WORKERS CONSOLIDATED PENSION FUND	1,270,200	-
NET INCREASE (DECREASE)	7,874,978	(1,515,956)
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	104,267,676	105,783,632
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 112,142,654	$ 104,267,676

NOTE 1: PLAN DESCRIPTION

The following brief description of the United Food and Commercial Workers Unions and Participating Employers Pension Fund (the Plan) is provided for general information purposes only. Participants should refer to the Summary Plan Description for more complete information.

General

The Plan is a multiemployer defined benefit pension plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan became effective as of January 1, 1982 as a result of a merger between the United Food and Commercial Workers Union Local 692 and Department Stores Pension Fund and the United Food and Commercial Workers Union Local 400 and Contributing Employers Pension Fund.

The purpose of the Plan is to provide retirement, disability, and death benefits for eligible participants and their beneficiaries. All employees within bargaining units represented by the United Food and Commercial Workers Union Local 27 (formerly Local 692) or by United Food and Commercial Workers Union Local 400 where the collective bargaining agreement calls for contributions to this Plan on behalf of such employees are eligible for benefits under this Plan.

On March 31, 2010, the Plan was certified by its actuary as being in "critical status" as defined by the Pension Protection Act of 2006. Based on this critical status certification, the Plan's Board of Trustees adopted a rehabilitation plan in accordance with applicable law. On March 31, 2016 and March 31, 2015, the Plan's actuaries certified that for the Plan years beginning January 1, 2016 and January 1, 2015, the Plan is in critical status.

Benefits

Four types of pensions are provided: normal, early, vested, and disability, as well as a death benefit. The participant's age, years of service, and contribution rates determine the amount of pension benefit. A more complete description of these benefits, together with eligibility and vesting requirements, is contained in the Summary Plan Description.

Funding

The Plan's primary sources of income are earnings from investments and payments made by contributing employers. The participating employers contribute such amounts as are specified in the collective bargaining agreements. The hourly contribution rate ranges from $0.25 to $2.09. The Plan's actuary advised that for the years ended December 31, 2016 and 2015, contributions made by the employers met the minimum funding requirements of ERISA.

NOTE 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.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions which affect the reported amounts of assets, liabilities and the actuarial present value of accumulated plan benefits, and the disclosures of contingencies, if any, at the date of the financial statements and additions to and deductions from plan assets and accumulated plan benefits during the reporting period. Actual results could differ from those estimates.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Payment of Benefits

Benefits are recognized when paid.

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 the note on fair value measurements.

Purchases and sales of securities are reflected on a trade-date basis. Dividend income is recognized as of the ex-dividend date. Interest income from investments is recognized as earned.

In accordance with the policy of stating investments at fair value, net appreciation or depreciation (realized and unrealized gains and losses) in value is reported for investments bought and sold, as well as held on the statement of changes in net assets available for benefits for the period in which it occurs.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to retired or terminated participants or their beneficiaries, beneficiaries of participants who have died, and present participants or their beneficiaries. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included to the extent they are deemed attributable to participant service rendered to the valuation date.

The actuarial present value of accumulated plan benefits as of December 31, 2015, was determined by the Plan's actuary, and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawals or retirement) between the valuation dates and the expected date of payment.

The significant assumptions used in the determination of the actuarial present value of accumulated plan benefits are detailed in Note 3.

Employer contributions receivable

The Plan reports as employers' contributions receivable contributions due which relate to hours worked 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.

Subsequent Events

In preparing these financial statements, management of the Plan has evaluated events and transactions that occurred after December 31, 2016 for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through October 10, 2017, the date that the financial statements were available to be issued.

NOTE 3: ACCUMULATED PLAN BENEFITS

Following is the actuarial present value of accumulated plan benefits as of December 31, 2015.

Actuarial present value of accumulated plan benefits	
Vested benefits	
Active participants	$ 53,547,680
Retirees and beneficiaries	85,586,757
Terminated vested	53,022,259
	192,156,696
Non-vested benefits	1,385,736
Total actuarial present value of accumulated plan benefits	$ 193,542,432

The changes in the present value of accumulated plan benefits during the year ended December 31, 2015 were as follows:

Actuarial present value of accumulated plan benefits at beginning of year	$ 174,478,044
Increase (decrease) during year attributable to	
Benefit accruals	2,429,403
Benefit payments	(10,311,525)
Increase for interest	13,748,070
Experience gains	(986,921)
Changes in assumptions	10,874,036
Data changes	3,311,325
Net increase	19,064,388
Actuarial present value of accumulated plan benefits at end of year	$ 193,542,432

Significant assumptions underlying the actuarial computation are as follows:

The actuarial valuation was made using the unit credit actuarial cost method.

Rates of Mortality

- Actives - RP-2000 Combined Healthy Annuitant mortality table (2014 base year - fully generational).
- Healthy Inactives - RP-2000 Healthy Annuitant mortality table (2014 base year - fully generational).
- Disableds - RP-2000 Disabled Annuitant without projection for ages prior to 65.
- Current Liability - 2016 Static Mortality as prescribed by IRS regulations.

NOTE 3: ACCUMULATED PLAN BENEFITS - continued

Rates of Retirement

A. Former Meat and Poultry Participants - 100% at the later of age 62 and five years of service.

B. All Other Participants:

Number Expected to Retire Annually Per 1,000	
Age	Number
55	50
56	50
57	50
58	50
59	50
60	100
61	100
62	100
63	100
64	100
65	500
66	500
67 and over	1,000

Other

Employees who terminate employment with entitlement to deferred vested pensions are assumed to commence receiving benefits when first eligible for unreduced benefits.

The discount rate was reduced from 8.00% to 7.75% compounded annually.

For both actives and healthy inactives, the mortality table has changed from the RP-2000 Healthy Annuitant mortality table set forward one year for males and no adjustment for females without projection to the RP-2000 Healthy Annuitant mortality table with base year 2014 and fully generational. No change was made to mortality table for disabled members.

The RPA '94 current liability interest rate was changed from 3.51% to 3.28% to comply with appropriate guidance. The mortality table for current liability was also updated to the 2016 Static Mortality tables for annuitants and non-annuitants.

The PBGC interest rates used to determine the funded portion of the vested liabilities was changed from 3.10% for 20 years and 3.29% thereafter to 2.46% for 20 years and 2.98% thereafter.

The above actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining actuarial results.

Computation of the actuarial present value of accumulated plan benefits was made by the plan actuary as of January 1, 2016. Had the valuation been performed as of December 31, 2015 there would be no material differences.

NOTE 4: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America define fair value as 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, establish a fair value reporting hierarchy and define three broad levels of inputs (the assumptions that market participants would use in pricing the asset or liability) as noted below:

NOTE 4: FAIR VALUE MEASUREMENTS - continued

Level 1

Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The 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, 2016 and 2015.

- Common stocks and certain government and government agency securities are valued based on quoted market prices.
- Corporate bonds, certain government and government agency securities are valued using quoted prices of like assets, corroborated market data, indices and/or yield curves.
- Hedge funds, real estate funds, pooled separate accounts, and collective investment funds are valued at net asset value ("NAV") per share, which is based on the underlying assets which include a combination of quoted market prices and mathematical models and is being used as a practical expedient to estimate fair value.
- Short-term investment funds are presented at cost, which approximates fair value.

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. For the year ended December 31, 2016, there were no transfers in or out of levels 1, 2 or 3.

As of December 31, 2016 and 2015, assets measured at fair value on a recurring basis are summarized by level within the fair value hierarchy as follows:

	2016			
	Level 1	Level 2	Level 3	Total Fair Value
Common stocks	$ 19,294,917	$ -	$ -	$ 19,294,917
Corporate bonds	-	7,693,667	-	7,693,667
U.S. Government and government agency securities	617,974	1,253,969	-	1,871,943
Short term investment funds	-	3,077,768	-	3,077,768
Total investments in the fair value hierarchy	$ 19,912,891	$ 12,025,404	$ -	31,938,295
Investments measured at net asset value				67,612,084
Total investments at fair value				$ 99,550,379

NOTE 4: FAIR VALUE MEASUREMENTS - continued

	2015			
	Level 1	Level 2	Level 3	Total Fair Value
Common stocks	$ 18,104,309	$ -	$ -	$ 18,104,309
Corporate bonds	-	7,686,756	-	7,686,756
U.S. Government and government agency securities	962,549	1,047,428	-	2,009,977
Short term investment funds	-	781,855	-	781,855
Total investments in the fair value hierarchy	$ 19,066,858	$ 9,516,039	$ -	28,582,897
Investments measured at net asset value				71,946,312
Total investments at fair value				$ 100,529,209

The fair values of the following investments as of December 31, 2016 and 2015 have been determined using the net asset value per unit of the investment:

	2016		2015	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments
Collective investment funds - Equity & fixed (a)	$ 16,076,167	$ -	$ 15,047,209	$ -
Collective investment fund - International equity (b)	7,852,055	-	7,392,981	-
Collective investment fund - Opportunistic (c)	5,243,662	-	7,520,461	-
Collective investment fund - Equity (d)	6,543,880	-	6,397,315	-
Pooled separate account (e)	11,128,980	-	11,292,590	-
Real estate funds (f)	11,839,493	-	10,908,627	-
Hedge funds (g)	8,927,847	2,325,747	13,387,129	3,524,743
	$ 67,612,084	$ 2,325,747	$ 71,946,312	$ 3,524,743

(a) There are two funds in this category that can be redeemed daily, as of the close of business on any business day with three days advanced written notice signed by an authorized signer. One fund had a total fair value of $5.2 million and $4.9 million at December 31, 2016 and 2015. The other fund had a total fair value of $10.8 million and $10.1 million at December 31, 2016 and 2015.

(b) The fund in this category trusts can be redeemed monthly on the first business day of each month with at least fifteen days advanced written notice.

(c) The fund in this category can be redeemed on a monthly basis with at least 30 calendar days advanced notice. Admissions to and withdrawals from the trust can be made in cash or securities-in-kind and are based on the net asset value per unit as determined as of the end of each month.

(d) The fund in this category can be redeemed on any business day with advanced written notice of at least five business days prior to the applicable withdrawal date.

NOTE 4: FAIR VALUE MEASUREMENTS - continued

(e) The fund in this category has withdrawals that are subject to the group annuity contract and may be delayed for up to three years. Because of the illiquid nature of the assets, the Trustee reserves the right to defer payments that could exceed the amount of cash and other liquid assets held in the account, reduced by any amounts committed to purchase properties or for operating expenses, referred to as "withdrawal limitation." If the withdrawal limitation were applied, withdrawal requests included within the withdrawal limitation would be paid on a pro-rata basis as cash becomes available for distribution, as determined by Principle Life Insurance Company. The withdrawal limitation was not applied as of and for the years ended December 31, 2016 and 2015.

(f) This category includes three commingled real estate funds. The first fund (total fair value of $6.3 million and $8.3 million at December 31, 2016 and 2015) invests in operating, income producing core commercial real estate and seeks to provide returns that are attractive relative to other asset classes with stable income and the potential for market appreciation. Requests for redemptions of units may be made at any time and are effective at the end of the calendar quarter in which the request is received. The units that are subject to a redemption notice may be redeemed in full or in installments on a pro-rata basis as funds become available. The second fund (total fair value of $2.8 million and $2.6 million at December 31, 2016 and 2015) invests in primarily institutional quality multifamily communities throughout the Untied States and seeks to create diversification through investments in a variety of markets as well as through acquisitions of residential rental communities. Redemptions are permitted upon written notice to the General Partner and payouts are paid pro rata based on availability of funds and may be deferred for up to 27 months at the discretion of the General Partner. The third fund (total fair value of $2.7 million and $0 at December 31, 2016 and 2015) invests primarily in real estate primarily leased to the U.S. federal government either through the General Services Administration or other federal government agencies. Each limited partner may request that the Partnership redeem some or all of its units by providing the General Partner with at least sixty days written notice prior to a calendar quarter end.

(g) This category consists of two hedge funds which seek above-average rates of return and long-term capital growth by investing in a diversified portfolio of private investment entities and/or separately managed accounts and in a select group of funds and investment vehicles that are generally expected to be illiquid. For the first fund (total fair value of $5.9 million and $11.8 million at December 31, 2016 and 2015), shareholders have the right to redeem a portion of shares having a value of up to a maximum of 50% of the NAV of their shares as of the last day of any calendar quarter, or any other date determined by the Board of Directors in its sole discretion. A shareholder is required to provide not less than 90 days' prior written notice. For the second fund (total fair value of $3.1 million and $1.5 million at December 31, 2016 and 2015), shareholders have the right to redeem all or a portion of the applicable shares to the maximum extent permitted by the terms relating to the investments in underlying investment vehicles. Redemptions shall take place as of close of business on the last day of any calendar quarter, or any other date determined by the Board of Directors in its sole discretion. In order to effect a redemption, a shareholder is required to provide not less than 95 days' prior written notice of any such redemption request.

NOTE 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.

Actuarial present value of accumulated plan benefits is reported based on certain assumptions pertaining to interest rates, 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.

NOTE 6: TAX STATUS

The Plan obtained its latest determination letter dated July 9, 2015, in which the Internal Revenue Service stated that the plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the IRC). The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the plan is currently designed and being operated in compliance with the applicable requirements of the IRC, and therefore believes that the Plan is qualified and the related trust that holds the assets of the Plan is exempt from income tax.

Generally accepted accounting principles require management to evaluate tax positions taken and recognize a tax liability if the entity has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated the tax positions taken by the Plan and concluded that as of December 31, 2016 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 in progress for any tax periods.

NOTE 7: PRIORITIES UPON TERMINATION

It is the intent of the Trustees to continue the Plan in full force and effect. However, the right to discontinue the Plan is reserved to the Trustees. Termination shall not permit any part of the Plan's assets to be used for or diverted to purposes other than the exclusive benefit of the pensioners, beneficiaries and participants. In the event the Plan terminates, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at the time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC). The PBGC provides financial assistance to plans to help them avoid insolvency. Should a plan become insolvent, the PBGC guarantees certain benefits to participants; however, the benefits guaranteed are generally only a portion of the normal pension benefit. In addition, no benefit increases as a result of plan amendments in effect less than 5 years are guaranteed.

NOTE 8: MAJOR EMPLOYERS

The Plan has two employers with common ownership that accounted for approximately 90% and 79% of employer contributions for the years ended December 31, 2016 and 2015, respectively.

NOTE 9: EMPLOYER WITHDRAWAL LIABILITY

The Plan complies with provisions of the Multiemployer Pension Plan Amendments Act of 1980 that require imposition of "Withdrawal Liability" on a contributing employer that partially or totally withdraws from the Plan.

NOTE 9: EMPLOYER WITHDRAWAL LIABILITY - continued

During 2016, the Plan assessed withdrawal liability against six former contributing employers to the Plan relating to the employers' complete withdrawal from the Plan. During 2016 and 2017, the Plan received payments totaling $5,904,607 and $931,457, respectively, from four of these employers in full satisfaction of their respective withdrawal liability amounts. The assessments for the remaining two complete withdrawals totaled $67,352 and $79,636, payable in lump sums or in 22 and 31 quarterly payments, respectively.

During 2015, the Plan assessed withdrawal liability against a former contributing employer to the Plan relating to the employer's partial withdrawal from the Plan as of December 31, 2012 and its complete withdrawal from the Plan as of December 31, 2013. The assessment for the 2012 partial withdrawal totaled $2,031,321, payable in a lump sum or 18 quarterly payments. The assessment for the 2013 complete withdrawal totaled $315,015, payable in a lump sum or 3 quarterly payments.

As of December 31, 2016 and 2015, the Plan recognized a withdrawal liability receivable of $2,761,411 and $2,553,633, respectively.

Subsequent to December 31, 2016, the Plan assessed estimated withdrawal liability against a former contributing employer relating to the employer's complete withdrawal from the Plan totaling $175,894, payable in a lump sum or 80 quarterly installments.

NOTE 10: SOCIAL SECURITY SUPPLEMENTAL BENEFIT

On December 10, 2015, the Trustees approved an amendment to the Plan document, effective January 1, 2016, which provides for the payment of a supplemental benefit to certain participants who retire before age 65, and their surviving spouses, until the participant reaches, or would have reached, age 65. The amount of the supplemental benefit is $450 per month for eligible participants and $300 per month for their surviving spouses.

NOTE 11: NET TRANSFER FROM UNITED FOOD AND COMMERCIAL WORKERS CONSOLIDATED FUND

On June 30, 2016, the Plan assets and accumulated plan benefits attributable to Kroger were transferred from the Plan to the United Food and Commercial Workers Consolidated Pension Fund. As a result of this transfer, $2,470,932 was due from the Plan to the United Food and Commercial Workers Consolidated Pension Fund. The Plan's obligation for accumulated plan benefits decreased by approximately $7,300,000 as a result of this transfer. This transfer satisfied the withdrawal liability for Kroger.

On June 30, 2016, the United Food and Commercial Workers Consolidated Pension Fund assets and accumulated plan benefits attributable to SuperValu were transferred to the Plan from the United Food and Commercial Workers Consolidated Pension Fund. As a result of this transfer, $3,741,132 was due to the Plan from the United Food and Commercial Workers Consolidated Pension Fund. The Plan's obligation for accumulated plan benefits increased by approximately $3,600,000 as a result of this transfer.

As a result of these transfers, the net amount of $1,270,200 was transferred from the United Food and Commercial Workers Consolidated Pension Fund to the Plan on June 30, 2016 and is reflected on the statement of changes in net assets available for benefits for the year ended December 31, 2016 as Net Transfers from United Food and Commercial Workers Consolidated Pension Fund.

NOTE 12: NEWLY ADOPTED ACCOUNTING STANDARDS

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2015-07 "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)" (ASU 2015-07) which removes the requirement to present certain investments for which the practical expedient is used to measure fair value at net asset value within the fair value hierarchy table. Instead, an entity is required to include those investments as a reconciling item so that the total fair value of investments in the disclosure is consistent with the investment balance on the statement of net assets available for benefits. The amendments in this ASU are effective for reporting periods beginning after December 15, 2016, with early adoption permitted, and require retrospective application to all periods presented.

Management has concluded that application of the provisions of ASU 2015-07 result in an improvement in presentation by removing from the hierarchy assets that have been valued in a manner inconsistent with the valuation of the other assets. Consequently, management has elected early adoption of ASU 2015-07. The resulting changes in presentation had no effect on the net assets available for benefits or the change in net assets available for benefits for the years ended December 31, 2016 and 2015.

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION

Board of Trustees
United Food and Commercial Workers Unions
and Participating Employers Pension Fund

We have audited the financial statements of United Food and Commercial Workers Unions and Participating Employers Pension Fund as of and for the years ended December 31, 2016 and 2015, and our report thereon dated October 10, 2017 which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of employer contributions 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.

Bond Beebe

A Professional Corporation
Bethesda, MD
October 10, 2017

UNITED FOOD AND COMMERCIAL WORKERS UNIONS AND PARTICIPATING EMPLOYERS PENSION FUND
SCHEDULES OF EMPLOYER CONTRIBUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
EMPLOYER CONTRIBUTIONS		
Allegany County Human Resources Development Commission, Inc.	$ 34,774	$ 30,669
Associated Administrators, Inc.	225,187	221,908
Boar's Head Provisions	100,091	273,050
Delmarva United Food and Commercial Workers Health and Welfare Fund	1,098	15,002
G & G Eddies, Inc.	6,960	5,614
Kroger Food Stores	-	614,961
Lions Manor Nursing Home	38,244	33,866
Metro Food Market	1,766,575	1,672,245
Shoppers Food Warehouse	3,845,141	3,617,080
United Food and Commercial Workers Local 27	114,437	113,256
United Food and Commercial Workers Local 400	117,470	110,282
	$ 6,249,977	$ 6,707,933