

ILWU-PMA BENEFIT PLANS /

International Longshore & Warehouse Union –
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ILWU-PMA Pension Plan
ILWU-PMA Welfare Plan

ILWU-PMA Watchmen Pension Plan

January 31, 2023

TO: ILWU Watchmen Locals 26 and 75

FROM: John Barton, Executive Director

SUBJECT: Financial Statements, Year Ended June 30, 2022

Enclosed are the Financial Statements for the year ended June 30, 2022 for the ILWU-PMA Watchmen Pension Plan and ILWU-PMA Welfare Plan.

The Plans' auditors, PricewaterhouseCoopers LLP, have issued unqualified opinions with respect to all of the plans administered by ILWU-PMA Benefit Plans.

An Annual Report Form 5500, which includes the same financial and related information as the financial statement, has been filed with the Internal Revenue Service for each Plan.

Enclosures

ILWU-PMA Watchmen Pension Plan

**Financial Statements and Supplemental Schedules
June 30, 2022 and 2021**

ILWU-PMA Watchmen Pension Plan

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* Note: Other schedules required by 29 CFR Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.



Report of Independent Auditors

To the Board of Trustees of the ILWU-PMA Watchmen Pension Plan

Opinion

We have audited the accompanying financial statements of the ILWU-PMA Watchmen Pension Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits as of June 30, 2022 and June 30, 2021, and the related statements of changes in net assets available for benefits for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2022 and June 30, 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that



includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplemental Schedules Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of June 30, 2022, and Schedule H, Line 4j – Schedule of Reportable Transactions for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS.



In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying supplemental schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

PricewaterhouseCoopers LLP

San Francisco, CA
December 20, 2022

ILWU-PMA Watchmen Pension Plan
Statements of Net Assets Available for Benefits
June 30, 2022 and 2021

	2022	2021
Assets		
Investments, at fair value		
Interest-bearing cash	\$ 273,222	\$ 4,916
Mutual funds	13,220,830	21,693,320
Pooled investment funds	45,689,233	46,493,155
Real estate investment funds	19,239,658	14,263,209
Total investments	<u>78,422,943</u>	<u>82,454,600</u>
Other assets	<u>740</u>	<u>982</u>
Total assets	<u>78,423,683</u>	<u>82,455,582</u>
Liabilities		
Accounts payable	<u>391,398</u>	<u>117,347</u>
Total liabilities	<u>391,398</u>	<u>117,347</u>
Net assets available for benefits	<u>\$ 78,032,285</u>	<u>\$ 82,338,235</u>

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

ILWU-PMA Watchmen Pension Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended June 30, 2022 and 2021

	2022	2021
Additions		
Investment income, net		
Net (depreciation) appreciation in fair value of investments	\$ (6,285,102)	\$ 15,406,697
Dividends, interest and other income	980,189	1,097,073
	<u>(5,304,913)</u>	<u>16,503,770</u>
Less: Investment expenses	<u>(86,205)</u>	<u>(70,528)</u>
	(5,391,118)	16,433,242
Contributions by employers	<u>4,690,483</u>	<u>4,793,750</u>
Total additions, net	<u>(700,635)</u>	<u>21,226,992</u>
Deductions		
Benefits paid	3,354,321	3,138,826
Administrative expenses	<u>250,994</u>	<u>239,205</u>
Total deductions	<u>3,605,315</u>	<u>3,378,031</u>
Net change in net assets available for benefits	(4,305,950)	17,848,961
Net assets available for benefits		
Beginning of year	<u>82,338,235</u>	<u>64,489,274</u>
End of year	<u>\$ 78,032,285</u>	<u>\$ 82,338,235</u>

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

ILWU-PMA Watchmen Pension Plan

Notes to Financial Statements

June 30, 2022 and 2021

1. Description of the Plan

The following description of the ILWU-PMA Watchmen Pension Plan (the “Plan”) is intended to give a general summary of its principal provisions. Participants may refer to the Summary Plan Description for more complete information.

General

The Plan is a noncontributory defined benefit plan, covering substantially all registered Watchmen who are employed under the Watchmen Collective Bargaining Agreements between the International Longshore and Warehouse Union (“ILWU”) and certain member and nonmember companies of the Pacific Maritime Association (“PMA”) who employ ILWU Watchmen. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Contributions to the Plan

The Plan is funded by companies that employ eligible participants (the “Employers”). The Employers contribute to the Plan based on hourly contribution rates in amounts sufficient to meet the minimum funding requirements of ERISA.

Pension Benefits

The ILWU-PMA Watchmen Pension Plan Agreement (the “Agreement”) sets forth requirements for participation in the Plan. The Plan provides benefits to all eligible participants, as defined in the Agreement, who accumulate the required credits to receive pension benefits, and to certain qualified survivors. Pension benefits are based on a monthly benefit level per year of service specified by the terms of the most recent Collective Bargaining Agreement. An eligible participant is 100% vested in their accrued benefit upon being credited with five years of service (10 years prior to January 1, 1999), or upon attainment of normal retirement age if then a participant. The Plan also provides disability benefits to eligible participants.

Administration

The Plan is administered by the Board of Trustees of the Plan. The Board of Trustees is composed of an equal number of ILWU-appointed Trustees and Employer-appointed Trustees. The Trustees have overall responsibility for the operation and administration of the Plan. The Trustees also determine the appropriateness of the Plan’s investments and monitor investment performance.

Administrative Expenses

Expenses incurred with the general administration of the Plan, including administrative services provided by the ILWU-PMA Benefit Plans Office, are paid by the Plan and reflected as deductions in the accompanying statements of changes in net assets available for benefits. In addition, certain investment related expenses are included in net investment income in the accompanying statements of changes in net assets available for benefits. These transactions are party in interest transactions under ERISA.

2. Summary of Accounting Policies

The following are the significant accounting policies followed by the Plan:

Basis of Accounting

The Plan’s financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

ILWU-PMA Watchmen Pension Plan

Notes to Financial Statements

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Interest-bearing Cash

Interest-bearing cash includes all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements, the actuarial present value of accumulated Plan benefits and changes in accumulated Plan benefits, and the reported amounts of changes in net assets available for benefits during the reporting period. While Plan management uses its best estimates and judgments, actual results could differ from those estimates and such differences could be material.

Investment Valuation 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. Refer to Note 7 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded as earned on the accrual basis. Dividend income is recorded on the ex-dividend date. The Plan presents, in the statement of changes in net assets available for benefits, the net appreciation or depreciation in the fair value of its investments which consists of realized gains or losses and the unrealized appreciation or depreciation on those investments. Income distributions from the real estate investment funds are included within dividends and interest income on the statements of changes in net assets available for benefits while any return of capital would reduce the cost basis of the investments.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated Plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated Plan benefits include benefits expected to be paid to:

- a. Retired or terminated employees or their beneficiaries;
- b. Beneficiaries of employees who have died; and,
- c. Present employees or their beneficiaries.

Benefits payable under all circumstances (retirement, death, or termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated Plan benefits is determined by 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 retirement, death or withdrawal) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation for the fiscal years ended June 30, 2022 and June 30, 2021 were:

- a. For fiscal year ended June 30, 2022, healthy retiree mortality rates were based on the PRI-2012 Amount-Weighted Blue Collar Retiree Tables with rates for both males and females

ILWU-PMA Watchmen Pension Plan

Notes to Financial Statements

June 30, 2022 and 2021

multiplied by 106.5%, projected generationally with Mortality Improvement Scale MP-2021; disabled mortality rates were based on the PRI-2012 Amount-Weighted Disabled Retiree Tables projected generationally with Mortality improvement Scale MP-2021; and pre-retirement mortality rates were based on the PRI-2012 Amount-Weighted Blue Collar Employee Tables projected generationally with Mortality Improvement Scale MP-2021.

- b. For fiscal year ended June 30, 2021, healthy retiree mortality rates were based on the PRI-2012 Amount-Weighted Blue Collar Retiree Tables with rates for both males and females multiplied by 106.5%, projected generationally with Mortality Improvement Scale MP-2021; disabled mortality rates were based on the PRI-2012 Amount-Weighted Disabled Retiree Tables projected generationally with Mortality improvement Scale MP-2021; and pre-retirement mortality rates were based on the PRI-2012 Amount-Weighted Blue Collar Employee Tables projected generationally with Mortality Improvement Scale MP-2021.
- c. The assumed retirement rates are as follows:

<u>Age</u>	<u>Rate (%)</u>
58-59	2
60-61	5
62	15
63-64	10
65-69	15
70	25
71	100

- d. Investment return of 7% per annum.

The foregoing 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 the actuarial present value of accumulated Plan benefits.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Minimum Funding Requirements

The Plan has adopted a funding policy which conforms to the Minimum Funding Standards ("MFS") in accordance with provisions of ERISA. Each year the Plan's enrolled actuary updates the Funding Standard Account in order to determine the level of funding necessary to meet the MFS.

The Plan's actuary has determined that the contributions for the Plan years ended June 30, 2022 and 2021 were adequate to meet the minimum required amount in the Plan's Funding Standard Account.

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Notes to Financial Statements

June 30, 2022 and 2021

3. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Lease (Topic 842): Leases. The FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of net assets available for benefits and disclosing key information about leasing arrangements. Under ASU 2016-02, a lessee will recognize in the statement of net assets available for benefits a liability to make lease payments (the lease liability) and a right-to-use asset representing its right to use the underlying asset for the lease term. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2021, the FASB issued ASU 2020-05, Revenue from Contracts with Customer (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities. ASU 2020-05 defers the effective date for the “all other” category and public not-for-profit entities that have not yet issued their financial statements reflecting the adoption of the new lease standard. This ASU is effective for entities with fiscal years beginning after December 15, 2021. The Plan is evaluating the impact ASU 2016-02 may have on the statement of net assets available for benefits, statement of changes in net assets available for benefits, and related disclosures.

4. Plan Termination

The Plan was established with the intention that it continues indefinitely, but the Board of Trustees reserves the right to terminate it. In the event the Plan terminates, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- a. Vested benefits insured by the Pension Benefit Guaranty Corporation (“PBGC”) up to the applicable limitations (discussed below),
- b. All other vested benefits (that is, vested benefits not insured by the PBGC), and
- c. All non-vested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivors’ pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Further information regarding the payment of benefits in the event of Plan termination is set forth in the Agreement.

Whether all participants receive their benefits, should the Plan terminate at some future time, will depend on the sufficiency of the Plan’s net assets to provide those benefits, at that time, and may also depend on the level of benefits guaranteed by the PBGC.

5. Purchase of Group Annuity Contracts

During the Plan year ended June 30, 1991, the Trustees purchased a Group Annuity Contract from Allstate Life Insurance Company for certain pensioners and survivor pensioners who were not receiving benefits under a previously purchased annuity contract (described below). For covered participants, the contract provides lifetime benefits as defined under the 1990-1993 Collective Bargaining Agreement either in the form of joint and survivor annuity or life annuity benefits.

ILWU-PMA Watchmen Pension Plan
Notes to Financial Statements
June 30, 2022 and 2021

During the Plan year ended June 30, 1985, a similar Group Annuity Contract was purchased from Lincoln Life Insurance Company for substantially all pensioners and survivor pensioners receiving benefits as of November 1, 1984.

Pensioners and survivor pensioners for whom annuities were purchased remain participants under the Plan. The contracts are excluded from Plan assets, excluded from accumulated Plan benefits and the Plan derives no dividend or other income from the contracts.

6. Accumulated Plan Benefits

The accumulated Plan benefits at June 30, 2022 and 2021 and changes in accumulated Plan benefits for the years then ended are as follows:

Actuarial Present Value of Accumulated Plan Benefits at June 30, 2022			
	To be Paid Under Group Annuity Contracts	To be Paid by Net Assets Available for Benefits	Total
Vested benefits			
Retirees and beneficiaries	\$ 40,289	\$ 32,238,258	\$ 32,278,547
Active participants and terminated vested participants	-	52,686,176	52,686,176
Total vested benefits	40,289	84,924,434	84,964,723
Nonvested benefits	-	765,785	765,785
Actuarial present value of accumulated Plan benefits as of end of year	\$ 40,289	\$ 85,690,219	\$ 85,730,508

Changes in Accumulated Plan Benefits for the Year Ended June 30, 2022			
	To be Paid Under Group Annuity Contracts	To be Paid by Net Assets Available for Benefits	Total
Actuarial present value of accumulated Plan benefits at June 30, 2021	\$ 42,354	\$ 82,400,565	\$ 82,442,919
Increase (decrease) during the Plan year attributable to benefits accumulated, net experience gain or loss, changes in data	3,606	1,215,584	1,219,190
Benefits paid	(8,344)	(3,354,321)	(3,362,665)
Assumption changes	-	(222,247)	(222,247)
Interest	2,673	5,650,638	5,653,311
Net increase (decrease)	(2,065)	3,289,654	3,287,589
Actuarial present value of accumulated Plan benefits at June 30, 2022	\$ 40,289	\$ 85,690,219	\$ 85,730,508

ILWU-PMA Watchmen Pension Plan
Notes to Financial Statements
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Actuarial Present Value of Accumulated Plan Benefits at June 30, 2021

	To be Paid Under Group Annuity Contracts	To be Paid by Net Assets Available for Benefits	Total
Vested benefits			
Retirees and beneficiaries	\$ 42,354	\$ 29,983,441	\$ 30,025,795
Active participants and terminated vested participants	-	51,702,147	51,702,147
Total vested benefits	42,354	81,685,588	81,727,942
Nonvested benefits	-	714,977	714,977
Actuarial present value of accumulated Plan benefits as of end of year	<u>\$ 42,354</u>	<u>\$ 82,400,565</u>	<u>\$ 82,442,919</u>

Changes in Accumulated Plan Benefits for the Year Ended June 30, 2021

	To be Paid Under Group Annuity Contracts	To be Paid by Net Assets Available for Benefits	Total
Actuarial present value of accumulated Plan benefits at June 30, 2020	<u>\$ 59,636</u>	<u>\$ 78,088,713</u>	<u>\$ 78,148,349</u>
Increase (decrease) during the Plan year attributable to benefits accumulated, net experience gain or loss, changes in data	(12,820)	1,137,103	1,124,283
Benefits paid	(8,344)	(3,138,826)	(3,147,170)
Assumption changes	-	957,224	957,224
Interest	3,882	5,356,351	5,360,233
Net increase (decrease)	<u>(17,282)</u>	<u>4,311,852</u>	<u>4,294,570</u>
Actuarial present value of accumulated Plan benefits at June 30, 2021	<u>\$ 42,354</u>	<u>\$ 82,400,565</u>	<u>\$ 82,442,919</u>

ILWU-PMA Watchmen Pension Plan

Notes to Financial Statements

June 30, 2022 and 2021

7. 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the framework are described as follows:

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

- Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; 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.

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

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 June 30, 2022 and 2021.

Level 1 Valuation Techniques

The valuation techniques used to measure assets classified within Level 1 of the fair value hierarchy are as follows:

Interest-bearing Cash

Interest-bearing cash is valued at the outstanding balances in interest-bearing checking accounts. At times, the accounts may be in excess of the Federal Deposit Insurance Corporation insurance; however, management believes that the risk is minimal.

Mutual Funds

Mutual funds are valued at the closing net asset value reported on the active market on which the individual funds are traded as of the Plan's year-end.

ILWU-PMA Watchmen Pension Plan

Notes to Financial Statements

June 30, 2022 and 2021

The following tables summarize the valuation of the Plan's investments per the fair value hierarchy levels as of June 30, 2022 and 2021:

	Assets at Fair Value as of June 30, 2022		
	Level 1	Investments measured at net asset value ¹	Grand Total
Interest-bearing cash	\$ 273,222	\$ -	\$ 273,222
Domestic equity pooled investment fund			
BlackRock Russell 3000 Index NL Fund	-	29,025,989	29,025,989
International equity pooled investment fund			
BlackRock MSCI ACWI ex USA Fund	-	10,250,428	10,250,428
Fixed income mutual and pooled investment funds			
PIMCO Income Fund	6,676,811	-	6,676,811
Vanguard Total Bond Market Index Fund	6,544,019	-	6,544,019
Western Asset US Core Bond, L.L.C.	-	6,412,816	6,412,816
Real estate investment funds			
PGIM PRISA LP	-	3,592,270	3,592,270
RREEF America REIT II	-	8,458,447	8,458,447
UBS (US) Trumbull Property Fund L.P.	-	7,188,941	7,188,941
	<u>\$ 13,494,052</u>	<u>\$ 64,928,891</u>	<u>\$ 78,422,943</u>
	Assets at Fair Value as of June 30, 2021		
	Level 1	Investments measured at net asset value ¹	Grand Total
Interest-bearing cash	\$ 4,916	\$ -	\$ 4,916
Domestic equity pooled investment fund			
BlackRock Russell 3000 Index NL Fund	-	33,579,401	33,579,401
International equity pooled investment fund			
BlackRock MSCI ACWI ex USA Fund	-	12,913,754	12,913,754
Fixed income mutual funds			
PIMCO Income Fund	10,698,115	-	10,698,115
Vanguard Total Bond Market Index Fund	10,995,205	-	10,995,205
Real estate investment funds			
RREEF America REIT II	-	6,403,664	6,403,664
UBS (US) Trumbull Property Fund L.P.	-	7,859,545	7,859,545
	<u>\$ 21,698,236</u>	<u>\$ 60,756,364</u>	<u>\$ 82,454,600</u>

¹ In accordance with GAAP, certain investments that are measured at fair value using the net asset value (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net assets available for benefits.

ILWU-PMA Watchmen Pension Plan

Notes to Financial Statements

June 30, 2022 and 2021

Certain Investments Measured at Fair Value Using the Net Asset Value (“NAV”) per Share (or its Equivalent) Practical Expedient Not Categorized in the Fair Value Hierarchy

The following is a description of the Plan’s investments for which NAV is used as a practical expedient to fair value measurement:

Pooled Investment Funds

The BlackRock Russell 3000 Index Non-Lendable Fund (“BlackRock Domestic Fund”) is a collective investment fund managed and maintained by BlackRock Institutional Trust Company, N.A. The BlackRock Domestic Fund invests in U.S. equity instruments traded on recognized securities exchanges and has the objective of tracking the Russell 3000 stock market index. The valuation of the BlackRock Domestic Fund’s units occurs on a daily basis. Unit values are determined by dividing the BlackRock Domestic Fund’s NAV by the number of units outstanding on the valuation date. Purchases and redemptions of units occur on a daily basis based on the unit value on that day. Redemption requests are satisfied in four days. The BlackRock Domestic Fund is subject to annual audits.

The BlackRock MSCI ACWI ex USA Fund (“BlackRock International Fund”) is a collective investment fund managed and maintained by BlackRock Institutional Trust Company, N.A. The BlackRock International Fund invests in non-U.S. equity instruments traded on recognized securities exchanges and has the objective of tracking the MSCI ACWI ex US Index. The valuation of the BlackRock International Fund’s units occurs on a daily basis. Unit values are determined by dividing the BlackRock International Fund’s NAV by the number of units outstanding on the valuation date. Purchases and redemptions of units occur on a daily basis based on the unit value on that day. Redemption requests are satisfied in five days. The BlackRock International Fund is subject to annual audits.

The Western Asset US Core Bond, L.L.C. (the “Fund”) was formed on September 2, 2003 as a Limited Liability Company (“LLC”) under the Delaware Limited Liability Company Act. The Fund is a “Master Fund” in a master/feeder structure. Western Asset Management Company, LLC (“WAM”), a California corporation, is the Fund’s Investment Manager (the “Investment Manager”). The investment objective of the Fund is to maximize long-term total return, consistent with prudent investment management. Under normal market conditions, the Fund expects to invest all or substantially all of its assets in Dollar-denominated investment grade debt and fixed income securities rated at the time of purchase at least Baa3 or BBB- by a nationally recognized rating agency such as Moody’s, S&P or Fitch, or that are of a comparable quality as determined by the relevant advisers. Unit values are determined by dividing the Western Asset US Core Bond, L.L.C.’s NAV by the number of units outstanding on the valuation date. Purchases and redemptions of units occur on a daily basis based on the unit value on that day. Redemption requests are satisfied in three days. The Western Asset US Core Bond, L.L.C. is subject to annual audits.

Real Estate Investment Funds

The Plan investments include non-publicly traded real estate investment funds (“Funds”) that invest in a wide array of real estate investments with broad geographic diversification, including apartment buildings, commercial buildings and retail properties. The value of each of these Funds is determined by their NAV which is measured and reported, on a periodic basis, by the respective investment managers in accordance with the valuation policy of each Fund, subject to prevailing accounting and regulatory guidelines. In general terms, the valuation techniques are mostly driven by independent market appraisals performed at least annually for each property. Values reported by the investment managers may differ from the values that would have been reported had a ready market for these securities existed. These Funds are subject to annual audits. The Plan has no

ILWU-PMA Watchmen Pension Plan

Notes to Financial Statements

June 30, 2022 and 2021

unfunded commitments to any of the non-publicly traded real estate investments. The Plan's ability to redeem interests may be restricted under certain circumstances as described below.

PRISA LP Real Estate requires redemption requests to be received 90 days prior to the end of a quarter, and are paid in the next calendar quarter subject to PRISA LP management's discretion and cash available. Total investor PRISA LP redemption requests were \$13.8 million at June 30, 2022.

RREEF America REIT II requires redemption requests to be received in writing by the 15th day of the second month prior to the end of the quarter (February 15th, May 15th, August 15th, and November 15th) and are paid upon approval by its Board of Directors (the "Board"). Total investor RREEF America REIT II redemption requests at June 30, 2022 were \$484,951 thousand and \$239,097 thousand at June 30, 2021.

UBS (US) Trumbull Property Fund LP requires redemption requests to be received 60 days prior to the end of a quarter and are paid subject to availability of cash and certain other restrictions. Total investor UBS (US) Trumbull Property Fund LP redemption requests at June 30, 2022 were \$250 million and \$7.2 billion at June 30, 2021.

For all investments valued using NAV, the Plan exercises due diligence procedures in assessing the policies, procedures, and controls implemented by investment managers, as well as the financial information reported by the funds. This process includes, amongst other procedures, reviewing quarterly financial information provided by the funds and assessing the performance of the funds against applicable benchmarks. The values of the funds are based on the NAV reported by the investment manager of each fund at the Plan's year-end, which the Plan believes is a reasonable estimate of fair value.

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

ILWU-PMA Watchmen Pension Plan
Notes to Financial Statements
June 30, 2022 and 2021

8. Administrative Expenses

Administrative expenses are detailed as follows:

	2022	2021
Investment advisory and evaluation services	\$ 59,329	\$ 57,601
Audit fees	46,000	43,731
Legal fees	24,567	20,053
Actuarial fees	30,000	30,000
Salaries and payroll taxes	16,813	16,691
Accounting and data processing services	9,063	9,063
Consulting fees	18,147	16,848
Fiduciary, liability and bond insurance	13,141	11,789
Employee welfare and pension costs	10,691	10,401
PBGC insurance	14,043	13,560
Bank charges	3,668	4,047
Travel expenses	14	7
Office rent and maintenance	2,072	2,076
Office expense and postage	844	1,081
Miscellaneous	2,602	2,257
	<u>\$ 250,994</u>	<u>\$ 239,205</u>

The ILWU-PMA Benefit Plans Office (“BPO”) employs certain office and professional staff covered under a collective-bargaining agreement. The BPO contributes to the Western States Office and Professional Employees Pension Fund multiemployer defined benefit pension plan under the terms of this agreement. These costs represent administrative expenses incurred in administering the ILWU-PMA Pension Plan, ILWU-PMA Welfare Plan and ILWU-PMA Watchmen Pension Plan, and were allocated to each of these plans.

The risks of participating in a multiemployer plan are different from a single-employer plan in the following aspects:

(a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers;

(b) If a participating employer stops contributing to the multiemployer plan, the unfunded obligations of the multiemployer plan may be borne by the remaining participating employers, including the BPO, which would allocate any unfunded obligation to the ILWU-PMA Pension Plan, ILWU-PMA Welfare Plan and ILWU-PMA Watchmen Pension Plan; and

(c) If the BPO were to choose to stop participating in the multiemployer plan, the BPO may be required to pay this multiemployer plan an amount based on the underfunded status of the multiemployer plan, referred to as a withdrawal liability. This withdrawal liability would be allocated to the ILWU-PMA Pension Plan, ILWU-PMA Welfare Plan and ILWU-PMA Watchmen Pension Plan.

ILWU-PMA Watchmen Pension Plan

Notes to Financial Statements

June 30, 2022 and 2021

An agreement was reached on a new collective bargaining contract for the Office & Professional Employees International Union (“OPEIU”) on August 22, 2017. As of November 1, 2017, the BPO no longer contributed to the Western States Office and Professional Employees Pension Fund (“Pension Fund”). The total withdrawal liability determined by the Pension Fund based on the Pension Fund’s Unfunded Vested Benefit during the 2017 plan year amounts to \$9,581,397 (the Net Present Value “NPV” of the total withdrawal liability calculated by the Plan as of June 30, 2022 and June 30, 2021 is \$3,561,534 and \$3,684,426 respectively). The portion of the total withdrawal liability NPV expensed by the Plan is \$751 for the year ended June 30, 2022 and \$776 for the year ended June 2021 and is reflected in administrative expenses.

The BPO’s participation in the multiemployer plan and related administrative expense allocated to the Plan for the annual periods ended June 30, 2022 and 2021 is outlined in the table below. Pension plans with a Pension Protection Act red zone status are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

Pension Fund	Pension Plan Employer Identification Number	Pension Protection Act Zone Status		Funding Improvement Plan/ Rehabilitation Plan	Allocated ILWU-PMA Watchmen Pension Plan Contributions (Administrative Expenses)		Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2022	2021		2022	2021		
		Western States Office and Professional Employees Pension Fund	94-6076144 - 001		Red	Red		

The BPO also contributes to a multiple-employer defined benefit pension plan covering certain managerial and professional staff. These costs represent administrative expenses incurred in administering the ILWU-PMA Pension Plan, ILWU-PMA Welfare Plan and ILWU-PMA Watchmen Pension Plan and are allocated to each of these Plans. The BPO’s participation in the multiple-employer plan and related administrative expense allocated to the Plan for the annual periods ended June 30, 2022 and 2021 is outlined in the table below.

Pension Fund	Pension Plan Employer Identification Number	Pension Protection Act Zone Status		Funding Improvement Plan/ Rehabilitation Plan	Allocated ILWU-PMA Watchmen Pension Plan Contributions (Administrative Expenses)	
		2022	2021		2022	2021
		Pension Plan for Officers and Professional Staff of International Longshore and Warehouse Union	94-0577594 - 333		Green	Green

ILWU-PMA Watchmen Pension Plan
Notes to Financial Statements
June 30, 2022 and 2021

9. Leased Premises

The ILWU PMA Benefit Plans lease office space in San Francisco, California, necessary for the operation of the Plans, in a building owned by the Pacific Longshoremen's Memorial Association, an affiliate of the ILWU. The lease agreement was entered into by the Joint Trustees of the ILWU PMA Pension Plan and ILWU PMA Welfare Plan and the related lease expense is allocated among the two plans, as well as the ILWU PMA Watchmen Pension Plan. Rent is subject to annual increases of \$16,446 on the Commencement Date anniversary per the lease agreement, which expires on March 31, 2027. The Plans have the right to terminate the lease on 90 days' written notice without cost or other termination payment. The monthly rent as of June 30, 2022 is \$52,079 under the operating lease agreement. Allocated office rent and maintenance expense to the Plan was \$2,072 and \$2,076 for the years ended June 30, 2022 and 2021, respectively.

10. Related-Party and Party-In-Interest Transactions

Administrative services are provided by the BPO and are allocated to the ILWU-PMA Pension Plan, ILWU-PMA Watchmen Pension Plan, and ILWU-PMA Welfare Plan based on a pre-determined allocation rate.

Following are the net amounts due from (to) related parties at June 30, 2022 and 2021, included under other assets and accounts payable, respectively, in the statements of net assets available for benefits:

	2022	2021
ILWU - PMA Pension Plan	\$ (265,062)	\$ (450)
ILWU - PMA Welfare Plan	(8,798)	(5,312)

PMA provided accounting and data processing services to the Plan and charged the Plan \$9,063 for each of the years ended June 30, 2022 and 2021.

11. Plan Tax Status

The trust established under the Plan to hold the Plan's assets is qualified pursuant to the appropriate section of the Internal Revenue Code, and accordingly, the trust's net investment income is exempt from income taxes. The Plan has obtained a favorable tax determination letter from the Internal Revenue Service dated April 1, 2016. The Plan has been amended since receiving the determination letter; however, Plan management and the Trustees are of the opinion that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the Plan's financial statements.

As required by accounting principles generally accepted in the United States of America, Plan management has evaluated the tax positions taken by the Plan. Plan management believes there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements of the Plan or that would not be sustained upon examination by the Internal Revenue Service. As of June 30, 2022, Plan management believes the Plan is no longer subject to income tax examinations for the years prior to 2018.

ILWU-PMA Watchmen Pension Plan

Notes to Financial Statements

June 30, 2022 and 2021

12. Risks and Uncertainties

The Plan invests in various investment securities. The fair values assigned to the investments by the Plan are based upon available information believed to be reliable. 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 and the statements of changes in net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated Plan benefits are 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 estimations and assumptions process, changes in these estimates and assumptions in the near term could be material to the financial statements.

13. Subsequent Events

The most recent Watchmen Collective Bargaining Agreement for Local 75 expired on July 1, 2022. The parties are in negotiations and benefits continue to be provided as required.

A new Collective Bargaining Agreement for the Local 26 Watchmen was signed on September 16, 2022, effective July 1, 2019 expiring on July 1, 2025. The new agreement includes certain increases in benefits beginning July 1, 2019, with other improvements effective at future dates. This increase in benefits is estimated to add \$7.5 million to the Actuarial Present Value of Accumulated Plan Benefits as of July 1, 2022.

The Plan Trustees have evaluated subsequent events through December 20, 2022, which is the date the financial statements were available to be issued, and have determined that there are no additional items for disclosure.

ILWU-PMA Watchmen Pension Plan
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
June 30, 2022
Employer I.D. #94-6173372

(a) *	(b)	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
Interest-bearing cash				
	Union Bank	Interest-bearing cash	\$ 273,222	\$ 273,222
Mutual funds				
	PIMCO Income Fund	Publicly traded mutual fund	7,473,611	6,676,811
	Vanguard Total Bond Market Index Fund	Publicly traded mutual fund	7,132,419	6,544,019
		Total publicly traded mutual funds	<u>14,606,030</u>	<u>13,220,830</u>
Pooled investment funds				
	BlackRock Russell 3000 Index NL Fund	Non-publicly traded pooled investment fund	32,699,156	29,025,989
	BlackRock MSCI ACWI ex USA Fund	Non-publicly traded pooled investment fund	8,742,815	10,250,428
	Western Asset US Core Bond, L.L.C.	Non-publicly traded pooled investment fund	7,400,000	6,412,816
		Total non-publicly traded pooled investment funds	<u>48,841,971</u>	<u>45,689,233</u>
Real estate investment funds				
	PGIM PRISA LP	Non-publicly traded real estate investment fund	3,336,064	3,592,270
	RREEF America REIT II	Non-publicly traded real estate investment fund	6,436,794	8,458,447
	UBS (US) Trumbull Property Fund L.P.	Non-publicly traded real estate investment fund	4,740,975	7,188,941
		Total non-publicly traded real estate investment funds	<u>14,513,833</u>	<u>19,239,658</u>
		Total investments	<u>\$ 78,235,056</u>	<u>\$ 78,422,943</u>

* There are no party-in-interest transactions requiring disclosure in column (a).

ILWU-PMA Watchmen Pension Plan
Schedule H, Line 4j – Schedule of Reportable Transactions
Year Ended June 30, 2022
Employer I.D. #94-6173372

Transactions or series of transactions in excess of 5% of the current value of the Plan's net assets at July 1, 2021 as defined in 29 CFR Section 2520.103-6 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Identity of Party Involved	Description of Assets (Including Interest Rate and Maturity in Case of Loan)	Purchase Price	Selling Price	Lease Rental	Expense Incurred With Transaction	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain or (Loss)
Single or series of transactions								
BlackRock Russell 3000 Index NL Fund	Pooled investment fund shares							
	2 purchases	2,370,000	-	-	-	-	2,370,000	-
	2 sales	-	2,547,339	-	-	2,301,521	2,547,339	245,818
Western Asset US Core Bond, L.L.C.	Pooled investment fund shares							
	1 purchase	7,400,000	-	-	-	-	7,400,000	-

ILWU-PMA Welfare Plan

Financial Statements and Supplemental Schedule
June 30, 2022 and 2021

ILWU-PMA Welfare Plan

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* Note: Other schedules required by 29 CFR Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.



Report of Independent Auditors

To the Board of Trustees of the ILWU-PMA Welfare Plan

Opinion

We have audited the accompanying financial statements of ILWU-PMA Welfare Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits and of plan benefit obligations as of June 30, 2022 and June 30, 2021, and the related statements of changes in net assets available for benefits and of changes in plan benefit obligations for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits and plan benefit obligations of the Plan as of June 30, 2022 and June 30, 2021, and the changes in its net assets available for benefits and changes in its plan benefit obligations for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of June 30, 2022 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial



statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying supplemental schedule is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

PricewaterhouseCoopers LLP

San Francisco, CA
December 20, 2022

ILWU-PMA Welfare Plan
Statements of Net Assets Available for Benefits
June 30, 2022 and 2021

	2022	2021
Assets		
Investments, at fair value		
Interest-bearing cash	\$ 3,223,473	\$ 5,228,945
Total investments	<u>3,223,473</u>	<u>5,228,945</u>
Contributions receivable		
Employers	199,133,327	179,708,960
Employees	<u>193,643</u>	<u>348,159</u>
Total contributions receivable	199,326,970	180,057,119
Medicare Part D subsidy receivable and other assets	<u>32,170,246</u>	<u>29,343,708</u>
Total assets	<u>234,720,689</u>	<u>214,629,772</u>
Liabilities		
Accounts payable and accrued expenses	<u>15,816,771</u>	<u>15,294,739</u>
Net assets available for benefits	<u>\$ 218,903,918</u>	<u>\$ 199,335,033</u>

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

ILWU-PMA Welfare Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended June 30, 2022 and 2021

	2022	2021
Additions		
Interest income from investments	\$ 24,600	\$ 18,094
Contributions		
Employers	824,163,129	794,817,659
Employees	12,779,040	10,045,017
COBRA/self-pay contributions	134,665	45,981
Total contributions	<u>837,076,834</u>	<u>804,908,657</u>
Medicare subsidy and other income	<u>9,852,230</u>	<u>6,212,074</u>
Total additions	<u>846,953,664</u>	<u>811,138,825</u>
Deductions		
Benefit payments		
Paid to participants and providers	579,855,156	569,097,825
Paid to insurance companies for the provision of benefits	191,515,069	178,030,347
Total benefit payments	<u>771,370,225</u>	<u>747,128,172</u>
Administrative expenses	<u>56,014,554</u>	<u>63,022,093</u>
Total deductions	<u>827,384,779</u>	<u>810,150,265</u>
Net increase in net assets available for benefits	19,568,885	988,560
Net assets available for benefits		
Beginning of year	<u>199,335,033</u>	<u>198,346,473</u>
End of year	<u>\$ 218,903,918</u>	<u>\$ 199,335,033</u>

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

ILWU-PMA Welfare Plan
Statements of Benefit Obligations
June 30, 2022 and 2021

	2022	2021
Amounts currently payable		
Claims and insurance premiums payable and claims incurred but not reported	\$ 83,438,603	\$ 75,915,759
Postretirement benefit obligations, net of amounts currently payable		
Current retirees and dependents	2,870,878,328	3,610,576,647
Other participants fully eligible for benefits	2,524,456,842	3,552,253,004
Other participants not yet fully eligible for benefits	3,308,282,721	5,678,886,922
	<u>8,703,617,891</u>	<u>12,841,716,573</u>
Total benefit obligations	<u>\$ 8,787,056,494</u>	<u>\$ 12,917,632,332</u>

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

ILWU-PMA Welfare Plan
Statements of Changes in Benefit Obligations
Years Ended June 30, 2022 and 2021

	2022	2021
Amounts currently payable		
Balance at beginning of year	\$ 75,915,759	\$ 66,129,070
Claims and insurance premiums reported and approved for payment	778,893,069	756,914,861
Claims and insurance premiums paid	<u>(771,370,225)</u>	<u>(747,128,172)</u>
Balance at end of year	<u>83,438,603</u>	<u>75,915,759</u>
Postretirement benefit obligations, net of amounts currently payable		
Balance at beginning of year	12,841,716,573	11,980,223,373
Increase (decrease) during the year attributed to		
Benefits earned and other changes	(748,624,148)	524,671,305
Changes in actuarial assumptions	(3,753,590,158)	(2,891,562)
Increase for interest due to decrease in discount period	<u>364,115,624</u>	<u>339,713,457</u>
Balance at end of year	<u>8,703,617,891</u>	<u>12,841,716,573</u>
Total benefit obligations at end of year	<u>\$ 8,787,056,494</u>	<u>\$ 12,917,632,332</u>

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

ILWU-PMA Welfare Plan

Notes to Financial Statements

June 30, 2022 and 2021

1. Description of the Plan

The following description of the ILWU-PMA Welfare Plan (the “Plan”) provides only general information. Participants should refer to the Summary Plan Description (“SPD”) for a more complete description of the Plan’s provisions.

General

The Plan provides comprehensive health care and related benefits to qualified active and retired participants and their qualified dependents, as defined in the Plan Agreement (the “Agreement”). The parties to the Agreement are the International Longshore and Warehouse Union (“ILWU”) and the Pacific Maritime Association (“PMA”). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Eligibility

Commencing on July 1 of each year, registered employees who have worked or been credited with a minimum of 800 hours during the preceding payroll year, or 400 hours in the last half of the preceding payroll year, are eligible for benefits until the following June 30. The Plan provides that registered employees not then eligible may become eligible on each January 1 until the next June 30 if a minimum of 400 hours are worked or have been credited to the employee during the first half of the preceding payroll year. Special eligibility rules for newly registered employees are set forth in the SPD. The Plan provides new registrants and their dependents with welfare benefits on the first of the month following registration (with no requirement for 400 hours of work for initial eligibility for coverage). New registrants and their dependents are covered by available welfare programs for the first 24 months of registration. Thereafter, they will be subject to the normal eligibility requirements for continuation of coverage for Plan benefits. Most pensioners and survivor pensioners under the ILWU-PMA Pension Plan and the ILWU-PMA Watchmen Pension Plan have eligibility in the Plan.

Contributions to the Plan

The Plan is funded by contributions from employers, registered employees, and the ILWU. Employers contribute necessary amounts, in addition to employee and ILWU contributions, as required to adequately fund the Plan. Each registered employee contributed 1.2% of wages effective April 1, 2021, the rate was 1.1% for periods prior to the said date. If an employee is required to contribute to the California State Disability Insurance Program, the employee’s contribution to the Plan is reduced by the amount of the employee’s payment to that program. The ILWU contributes its share of the cost of the Widows’ Independent Living Subsidy Program (the “WILSP”) (Note 4).

Administration

The Plan is administered by the Trustees of the Plan. The Board of Trustees is comprised of an equal number of ILWU-appointed Trustees and Employer-appointed Trustees. The Trustees have overall responsibility for the operation and administration of the Plan. The Trustees determine the appropriateness of the Plan’s investments and monitor investment performance.

Administrative Expenses

Expenses incurred with the general administration of the Plan, including administrative services provided by the ILWU-PMA Benefit Plans Office, are paid by the Plan and reflected as deductions in the accompanying statements of changes in net assets available for benefits. These transactions are party in interest transactions under ERISA.

ILWU-PMA Welfare Plan

Notes to Financial Statements

June 30, 2022 and 2021

Plan Termination

The Plan's term is concurrent with the Pacific Coast Longshore and Clerks and Walking Bosses Agreements dated 2014-2019 and extended by the parties until July 1, 2022. In the event the Plan is terminated, the remaining assets of the Plan shall be used for the payment of benefits until the assets are exhausted.

2. Summary of Accounting Policies

The following are the significant accounting policies followed by the Plan:

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein, incurred but not reported claims ("IBNR"), claims payable and disclosure of contingent assets and liabilities. While Plan management uses its best estimates and judgments, actual results could differ from these estimates and such differences could be material.

Investment Valuation 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. Refer to Note 13 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded as earned on the accrual basis.

Payment of Benefits and Claims

Insurance premiums are recorded when paid by the Plan. Claims processed under the self-funded provisions of the Plan are recorded when paid by the Plan to providers or participants, or when reimbursed to third party claims processors.

Postretirement Benefits

The postretirement benefit obligation (Note 8) represents the total actuarial present value of those estimated future benefits that are attributed to employee service rendered through June 30, 2022 and 2021. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired employees and their beneficiaries and dependents, (2) active or terminated participants who are fully eligible to receive benefits, and (3) active participants not yet fully eligible to receive benefits.

The annual estimated cost of future claims by the Plan's participants is determined by assumptions applied to historical claims-cost data from participants of the Plan. The actuarial present value of the expected postretirement benefits represents the annual estimated cost of future claims from the Plan's participants adjusted 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 of these claims.

Separate long-term medical trend assumptions were used to account for benefits eligible for Medicare and those that are not. According to those separate assumptions, the assumed annual

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Notes to Financial Statements

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rate of increase in the per capita cost of covered health care benefits eligible and not eligible for Medicare for the year ended June 30, 2022 was 5.5% (5.5% at June 30, 2021) and 5.6% (5.9% at June 30, 2021), respectively.

For benefits eligible for Medicare, at June 30, 2022 the rate of change for future years was assumed to decrease gradually to 3.7% by fiscal year 2074 and to remain at that level thereafter; at June 30, 2021 the rate of change for future years was assumed to decrease gradually to 3.7% by fiscal year 2074 and to remain at that level thereafter.

For benefits not eligible for Medicare, at June 30, 2022 the rate of change for future years was assumed to decrease gradually to 3.7% by fiscal year 2074 and to remain at that level thereafter; and at June 30, 2021 the rate of change for future years was assumed to decrease gradually to 3.7% by fiscal year 2074 and to remain at that level thereafter.

The following were other significant assumptions used in the valuations as of June 30, 2022 and 2021:

- a. For the year ended June 30, 2022, healthy retiree mortality rates were based on the PRI-2012 Amount-Weighted Blue Collar Retiree Tables with rates multiplied by 103.9%, projected generationally with Mortality Improvement Scale MP-2021; disabled mortality rates were based on the PRI-2012 Amount-Weighted Disabled Retiree Tables projected generationally with Mortality improvement Scale MP-2021; and pre-retirement mortality rates were based on the PRI-2012 Amount-Weighted Blue Collar Employee Tables projected generationally with Mortality Improvement Scale MP-2021.
- b. For the year ended June 30, 2021, healthy retiree mortality rates were based on the PRI-2012 Amount-Weighted Blue Collar Retiree Tables with rates for males multiplied by 103.9%, projected generationally with Mortality Improvement Scale MP-2021; disabled mortality rates were based on the PRI-2012 Amount-Weighted Disabled Retiree Tables projected generationally with Mortality improvement Scale MP-2021; and pre-retirement mortality rates were based on the PRI-2012 Amount-Weighted Blue Collar Employee Tables projected generationally with Mortality Improvement Scale MP-2021.

ILWU-PMA Welfare Plan
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- c. Retirement rates for employees assumed to retire from active employment, based on probabilities of retirement are as follows:

Age	Has Not Attained Maximum Years of Service (%)	Has Attained Maximum Years of Service (%)
59	0	3
60	5	8
61	5	15
62	15	30
63	12	25
64	13	20
65	14	20
66	15	20
67	15	30
68-69	15	20
70-71	17	20
72	17	25
73	17	30
74	25	30
75+	100	100

The foregoing 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 the actuarial present value of the postretirement benefits.

Other Plan Benefits

Plan obligations at June 30, 2022 and 2021 for health claims incurred by participants but not reported at that date, for accumulated eligibility of participants, and for future disability payments to members considered permanently disabled at June 30, 2022 and 2021 are estimated by the Plan's actuary in accordance with accepted actuarial principles. Such estimated amounts are reported in the accompanying statements of the Plan's benefit obligations at present value, based on a 4.50% discount rate as of June 30, 2022 and 2.75% as of June 30, 2021. Health claims incurred by retired participants but not reported at year end are included in the postretirement benefit obligation.

3. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Lease (Topic 842): Leases. The FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of net assets available for benefits and disclosing key information about leasing arrangements. Under ASU 2016-02, a lessee will recognize in the statement of net assets available for benefits a liability to make lease payments (the lease liability) and a right-to-use asset representing its right to use the underlying asset for the lease term. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2021, the FASB issued ASU 2020-05, Revenue from Contracts with Customer (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities. ASU 2020-05 defers the effective date for the "all other"

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category and public not-for-profit entities that have not yet issued their financial statements reflecting the adoption of the new lease standard. This ASU is effective for entities with fiscal years beginning after December 15, 2021. The Plan is evaluating the impact ASU 2016-02 may have on the statement of net assets available for benefits, statement of changes in net assets available for benefits, and related disclosures.

4. Widows' Independent Living Subsidy Program ("WILSP")

Effective July 1, 1978, an agreement between the ILWU and PMA was implemented, which provides, as part of the Plan, cash subsidy benefits and Medicare supplement benefits under the WILSP. Benefits are available to certain widows of pensioners under the ILWU-PMA Welfare Plan who died prior to July 1, 1964 and, effective during 1982, certain widows of active employees who died prior to July 1, 1975 and satisfied other requirements. Effective September 1, 2007, benefits are also available to certain widows of active employees who died prior to July 1, 1999.

Agreements between the ILWU and PMA were implemented effective January 1, 2017 to transfer the monthly \$500 cash subsidy benefit payment to the ILWU-PMA Pension Plan. The Medicare Premium reimbursement and dental benefit remains in the Plan.

5. Medicare Subsidy

The Plan recognized Medicare subsidy of \$6,248,209 and \$6,202,998 for the years ended June 30, 2022 and June 30, 2021, respectively.

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Notes to Financial Statements
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6. Benefit Payments

Benefit payments directly paid to participants and providers or to insurance companies for the provision of benefits to participants of the Plan for the years ended June 30, 2022 and 2021 are detailed in the following schedule.

	2022	2021
Paid to participants and providers		
Hospital, medical and surgical - self-funded	\$ 394,715,742	\$ 348,093,246
Prescription drug program	118,950,334	150,940,556
Dental implants	10,986,271	9,675,142
Dental services - Children's program	9,067,068	9,535,775
Medicare premium	18,354,304	18,162,700
Weekly indemnity	9,303,492	13,352,945
Chiropractic - HMO	8,705,305	7,330,657
Nonindustrial disability supplement	4,340,700	6,869,423
Alcoholism/Drug recovery program	2,297,890	2,726,326
Hearing aids	2,625,977	2,191,187
Social security supplement	404,804	177,664
Subsequent prosthetic device	103,269	42,204
	<u>\$ 579,855,156</u>	<u>\$ 569,097,825</u>
Paid to insurance companies for the provision of benefits		
Hospital, medical, surgical, vision and prescription drugs - HMO-administered plans	\$ 146,072,683	\$ 135,219,831
Dental services - Adult program	31,168,099	29,948,718
Life insurance, accidental death and dismemberment	6,128,999	4,924,584
Vision care	8,145,288	7,937,214
	<u>\$ 191,515,069</u>	<u>\$ 178,030,347</u>
Total benefit payments	<u>\$ 771,370,225</u>	<u>\$ 747,128,172</u>

For the Plan years ended June 30, 2022 and 2021, benefits payments above are shown net of refunds and rebates from providers in the amount of \$28,960,977 and \$24,470,337, respectively.

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7. Administrative Expenses

Administrative expenses for the Plan years ended June 30, 2022 and 2021 are detailed in the following schedule.

	2022	2021
Benefit administration expenses	\$ 34,104,470	\$ 31,116,187
Affordable care act fees	85,178	80,203
Salaries and payroll taxes	4,299,481	4,031,541
Employee welfare and pension costs	2,766,338	2,678,830
Alcoholism/Drug recovery program administrative expenses	1,392,686	1,296,569
Bank charges	171,866	162,489
Audit fees	265,000	257,923
Office rent and maintenance	486,911	482,809
Legal fees	7,821,590	8,559,377
Actuarial and consulting fees	2,862,563	3,438,862
Accounting and data processing	126,278	126,278
Office and postage expenses	235,574	284,043
Equipment and maintenance	396,970	351,661
Fiduciary, liability and bond insurance	622,323	489,773
Plan brochures	69,145	-
Telephone	50,738	53,847
Legal arbitrators/ Mediators	138,268	76,380
Travel expenses	31,274	11,292
Miscellaneous	87,901	9,524,029
	<u>\$ 56,014,554</u>	<u>\$ 63,022,093</u>

The ILWU-PMA Benefit Plans Office (“BPO”) employs certain office and professional staff covered under a collective-bargaining agreement. The BPO contributes to the Western States Office and Professional Employees Pension Fund multiemployer defined benefit pension plan under the terms of this agreement. These costs represent administrative expenses incurred in administering the ILWU-PMA Pension Plan, ILWU-PMA Welfare Plan and ILWU-PMA Watchmen Pension Plan, and were allocated to each of these plans.

The risks of participating in a multiemployer plan are different from a single-employer plan in the following aspects:

(a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers;

(b) If a participating employer stops contributing to the multiemployer plan, the unfunded obligations of the multiemployer plan may be borne by the remaining participating employers, including the BPO, which would allocate any unfunded obligation to the ILWU-PMA Pension Plan, ILWU-PMA Welfare Plan and ILWU-PMA Watchmen Pension Plan; and

(c) If the BPO were to choose to stop participating in the multiemployer plan, the BPO may be required to pay this multiemployer plan an amount based on the underfunded status of the

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multiemployer plan, referred to as a withdrawal liability. This withdrawal liability would be allocated to the ILWU-PMA Pension Plan, ILWU-PMA Welfare Plan and ILWU-PMA Watchmen Pension Plan.

An agreement was reached on a new collective bargaining contract for the Office & Professional Employees International Union (“OPEIU”) on August 22, 2017. As of November 1, 2017, the BPO no longer contributed to the Western States Office and Professional Employees Pension Fund (“Pension Fund”). The total withdrawal liability determined by the Pension Fund based on the Pension Fund’s Unfunded Vested Benefit during the 2017 plan year amounts to \$9,581,397 (the Net Present Value “NPV” of the total withdrawal liability calculated by the Plan as of June 30, 2022 and June 30, 2021 is \$3,561,534 and \$3,684,426 respectively). The portion of the total withdrawal liability NPV expensed by the Plan is \$152,717 for the year ended June 30, 2022 and \$157,784 for the year ended June 2021 and is reflected in administrative expenses.

The BPO’s participation in the multiemployer plan and related administrative expense allocated to the Plan for the annual periods ended June 30, 2022 and 2021 is outlined in the table below. Pension plans with a Pension Protection Act red zone status are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

Pension Fund	Pension Plan Employer Identification Number	Pension Protection Act Zone Status		Funding Improvement Plan/ Rehabilitation Plan	Allocated ILWU-PMA Welfare Plan Contributions (Administrative)		Surcharge Imposed	Expiration Date of Collective Bargaining
		2022	2021		2022	2021		
Western States Office and Professional Employees Pension Fund	94-6076144 - 001	Red	Red	Rehabilitation Plan Implemented	\$ 152,717	\$ 157,784	Yes	11/1/2023

The BPO also contributes to a multiple-employer defined benefit pension plan covering certain managerial and professional staff. These costs represent administrative expenses incurred in administering the ILWU-PMA Pension Plan, ILWU-PMA Welfare Plan and ILWU-PMA Watchmen Pension Plan and are allocated to each of these Plans. The BPO’s participation in the multiple-employer plan and related administrative expense allocated to the Plan for the annual periods ended June 30, 2022 and 2021 is outlined in the table below.

Pension Fund	Pension Plan Employer Identification Number	Pension Protection Act Zone Status		Funding Improvement Plan/ Rehabilitation Plan	Allocated ILWU-PMA Welfare Plan Contributions (Administrative)	
		2022	2021		2022	2021
Pension Plan for Officers and Professional Staff of International Longshore and Warehouse Union	94-0577594 - 333	Green	Green	Not applicable	\$ 721,059	\$ 713,588

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8. Postretirement Benefit Obligations

The Plan's deficiency of net assets over benefit obligations at June 30, 2022 and 2021 relates primarily to the postretirement benefit obligation, the funding of which is not fully covered by the contribution rate. It is expected that the Plan will be funded through future employer and employee contributions.

The weighted-average health care cost-trend rate assumption (Note 2) has a significant effect on the amounts reported in the accompanying financial statements. If the assumed rates increased by one percentage point in each future year, the obligations as of June 30, 2022 and 2021 would increase by \$1,756,987,704 and \$3,098,168,330 respectively.

Medicare Part D

On December 8, 2003, the Medicare Prescription Drug, Improvement, and Modernization Act was signed into law (the "Act"). The Act introduces a prescription drug benefit for Medicare-eligible retirees starting in 2006. Beginning with the fiscal year ended June 30, 2006, the Plan has determined that the benefits provided by the Plan are actuarially equivalent to Medicare Part D under the Act and has incorporated the net effect of the Act in the calculation of the postretirement benefit obligation.

The approach used to measure the impact of the Medicare prescription drug subsidy is based on guidance published by the Centers for Medicare and Medicaid Services and relevant guidance from Accounting Standards Codification Topic 715 ("ASC 715").

For the years ended June 30, 2022 and 2021, a benefit of \$314,267,118 and \$478,277,146, respectively, was reported as the estimated effect of Medicare Part D in the determination of the postretirement benefit obligation.

The following table summarizes the effect of the Act with respect to the calculation of the postretirement benefit obligation:

Accumulated Postretirement Benefit Obligation (APBO)	Before Medicare Part D	After Medicare Part D	Effect of Medicare Part D
June 30, 2022	\$ 9,017,885,009	\$ 8,703,617,891	\$ (314,267,118)
June 30, 2021	\$ 13,319,993,719	\$ 12,841,716,573	\$ (478,277,146)
	Fiscal Year Ended June 30		
	2022	2021	
Expected benefit payments	\$ 229,543,133	\$ 229,704,240	
Expected subsidy receipts	\$ 7,126,000	\$ 7,126,000	

9. Leased Premises

The ILWU PMA Benefit Plans lease office space in San Francisco, California, necessary for the operation of the Plans, in a building owned by the Pacific Longshoremen's Memorial Association, an affiliate of the ILWU. The lease agreement was entered into by the Joint Trustees of the ILWU PMA Pension Plan and ILWU PMA Welfare Plan and the related lease expense is allocated among the two plans, as well as the ILWU PMA Watchmen Pension Plan. Rent is subject to annual

ILWU-PMA Welfare Plan

Notes to Financial Statements

June 30, 2022 and 2021

increases of \$16,446 on the Commencement Date anniversary per the lease agreement, which expires on March 31, 2027. The Plans have the right to terminate the lease on 90 days' written notice without cost or other termination payment. The monthly rent as of June 30, 2022 is \$52,079 under the operating lease agreement. Allocated office rent and maintenance expense to the Plan was \$486,911 and \$482,809 for the years ended June 30, 2022 and 2021, respectively.

10. Related-Party and Party-In-Interest Transactions

Administrative services are provided by the BPO and are allocated to the ILWU-PMA Pension Plan, ILWU-PMA Watchmen Pension Plan, and the Plan based on a pre-determined allocation rate.

Following are net amounts due from related parties as of June 30, 2022 and 2021, included under other assets in the statements of net assets available for benefits:

	2022	2021
ILWU-PMA Watchmen Pension Plan, net receivable	\$ 8,798	\$ 5,312
ILWU-PMA Pension Plan, net receivable	500,093	938,351

PMA provided accounting and data processing services to the Plan and charged the Plan \$126,278 and \$126,278 for these services for the years ended June 30, 2022 and 2021, respectively.

11. Tax Status

The Plan obtained its latest determination letter on October 24, 1951, 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 Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

As required by accounting principles generally accepted in the United States of America, Plan management has evaluated the tax positions taken by the Plan. Plan management believes there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements of the Plan or that would not be sustained upon examination by the Internal Revenue Service. As of June 30, 2022, Plan management believes the Plan is no longer subject to income tax examinations for the years prior to 2018.

ILWU-PMA Welfare Plan
Notes to Financial Statements
June 30, 2022 and 2021

12. Reconciliation of Financial Statements to Form 5500

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

	2022	2021
Net assets available for benefits per the financial statements	\$ 218,903,918	\$ 199,335,033
Benefit obligations currently payable	<u>(83,438,603)</u>	<u>(75,915,759)</u>
Net assets available for benefits per the Form 5500	<u>\$ 135,465,315</u>	<u>\$ 123,419,274</u>

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

	2022	2021
Benefit payments per the financial statements	\$ 771,370,225	\$ 747,128,172
Add: Amounts currently payable at June 30, 2022 and 2021	83,438,603	75,915,759
Less: Amounts currently payable at June 30, 2021 and 2010	<u>(75,915,759)</u>	<u>(66,129,070)</u>
Benefits paid to or for participants per the Form 5500	<u>\$ 778,893,069</u>	<u>\$ 756,914,861</u>

Claims and premiums that have been processed and approved for payment at year-end but not paid, and claims incurred but not reported are not considered liabilities under GAAP and, therefore, are not presented as liabilities or claims and premiums paid in the accompanying financial statements, but are recorded on the Form 5500 as a liability.

13. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Prices or valuations that require inputs that are supported by little or no market activity and that are both significant to the fair value measurement and unobservable.

ILWU-PMA Welfare Plan

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June 30, 2022 and 2021

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

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 from 2021 to 2022.

Interest-bearing Cash

Interest-bearing cash is valued at the outstanding balances in interest-bearing checking accounts. At times, the accounts may be in excess of the Federal Deposit Insurance Corporation insurance, however, management believes the risk is minimal. At June 30, 2022 and 2021, all of the Plan's investments are classified as Level 1 investments.

14. Risks and Uncertainties

The Plan can invest in various investment securities. The fair values assigned to the investments by the Plan are based upon available information believed to be reliable. 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 and the statements of changes in net assets available for benefits.

The actuarial present value of postretirement benefits 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 estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

15. Subsequent Events

The Plan Trustees have evaluated subsequent events through December 20, 2022, which is the date of the financial statements were available to be issued and have determined that there are no additional items for disclosure.

The most recent Agreements between the ILWU and PMA expired on July 1, 2022. Benefits continue to be provided as required and the parties are in negotiations. Contributions and benefit payments may be impacted by the Agreements under negotiation.

ILWU-PMA Welfare Plan
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)
June 30, 2022
Employer I.D. #94-6068578

(a)*	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lesser or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
	Interest-bearing cash			
	Union Bank	Interest-bearing cash	\$ 3,223,473	\$ 3,223,473
		Total interest-bearing cash	<u>3,223,473</u>	<u>3,223,473</u>
		Total investments	<u>\$ 3,223,473</u>	<u>\$ 3,223,473</u>

* There are no party-in-interest transactions requiring disclosure in column (a).