SEIU Affiliates' Supplemental Retirement Savings 401(k) Plan

Financial Statements

December 31, 2019

Calibre CPA Group

SEIU Affiliates' Supplemental Retirement Savings 401(k) Plan

Financial Statements

Years Ended December 31, 2019 and 2018

Contents

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CPA GROUP

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Report of Independent Auditors

To the Board of Trustees of
SEIU Affiliates' Supplemental
Retirement Savings 401(k) Plan

We have audited the accompanying financial statements of the SEIU Affiliates' Supplemental Retirement Savings 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2019 and 2018, and the changes in net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 12 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 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.

CalibreCPAGroup, PLLC

Bethesda, MD
September 23, 2020

SEIU Affiliates' Supplemental Retirement Savings 401(k) Plan

Statements of Net Assets Available for Benefits

December 31, 2019 and 2018

	2019	2018
Assets		
Investments		
At fair value	$ 46,489,600	$ 35,234,217
At contract value	7,255,295	6,459,773
Total investments	53,744,895	41,693,990
Receivables		
Employer contributions	32,545	1,797
Participant contributions	70,526	72,852
Earnings on delinquent contributions	397	1,298
Administrative income due from employers	30,923	31,250
Notes receivable from participants	1,210,192	896,635
Total receivables	1,344,583	1,003,832
Cash	56,989	863
Prepaid expense	8,481	7,834
Total assets	55,154,948	42,706,519
Liabilities and Net Assets		
Liabilities		
Accounts payable	4,657	4,359
Corrective distributions payable	47,362	43,314
Due to SEIU National Industry Pension Fund	4,847	4,356
Due to SEIU Affiliates Officers and Employees Pension Plan	8,216	-
Total liabilities	65,082	52,029
Net assets available for benefits	$ 55,089,866	$ 42,654,490

See accompanying notes to financial statements.

SEIU Affiliates' Supplemental Retirement Savings 401(k) Plan

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2019 and 2018

	2019	2018
Additions		
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	$ 8,379,974	$ (2,632,129)
Interest and dividends	1,048,051	1,224,710
	9,428,025	(1,407,419)
Less: Investment expenses	131,695	137,287
Total investment income (loss)	9,296,330	(1,544,706)
Contributions		
Employers	861,940	760,780
Participants	4,974,389	4,492,173
Rollovers contributions from participants	195,001	360,880
Total contributions	6,031,330	5,613,833
Other		
Interest on notes receivable from participants	47,984	37,366
Administrative assessments	108,180	96,435
Other	28,000	28,000
Total other	184,164	161,801
Total additions	15,511,824	4,230,928
Deductions		
Distributions	2,940,354	4,131,276
Corrective distributions	47,362	43,314
Administrative expenses	88,732	82,774
Total deductions	3,076,448	4,257,364
Net change	12,435,376	(26,436)
Net assets available for benefits		
Beginning of year	42,654,490	42,680,926
End of year	$ 55,089,866	$ 42,654,490

See accompanying notes to financial statements.

SEIU Affiliates' Supplemental Retirement Savings 401(k) Plan

Notes to Financial Statements

Years Ended December 31, 2019 and 2018

Note 1. Description of the Plan

The following brief description of the SEIU Affiliates' Supplemental Retirement Savings 401(k) Plan is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General - The Plan is a multiple employer defined contribution retirement plan covering employees of any local union or other subordinate entity of the Service Employees International Union (SEIU). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Contributions - Each year participants may contribute up to 25% of pretax annual compensation, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Each employer may contribute additional amounts at the option of each participating employer. Contributions are subject to certain limitations. All participants who are 50 years or older as of the last day of any plan year are eligible to make an additional pretax catch-up contribution subject to annual limits imposed by law. The maximum catch-up contribution for 2019 and 2018 was $6,000.

Participants Accounts - Each participant's account is credited with the participant's contribution and an allocation of (a) the employer's contribution, (b) plan earnings, and (c) forfeitures of terminated participants' nonvested accounts. A participant is entitled to the benefit that can be provided from the participant's vested account.

Vesting - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the employer's matching and discretionary contribution portion of their accounts plus actual earnings thereon varies by employer. An employer may select one of three vesting options: (1) three year cliff vesting where participants are fully vested after three years of service; (2) immediate vesting where participants are fully vested when participation commences; or (3) graduated vesting where participants are 33% vested after one year, 66% after two years, and 100% after three years.

Investment Options - Upon enrollment in the Plan, a participant may direct employee contributions in the investment options offered by the Trustees. The investment options consist of mutual funds, shares of pooled separate accounts, and insurance company guaranteed contracts.

Note 1. Description of the Plan (continued)

Notes Receivable from Participants - Participants may borrow from their fund accounts up to a maximum of $50,000 or 50% of their account balance, whichever is less. These loans are secured by the balance in the participant's account and bear interest at rates which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest are paid ratably through payroll deductions. Loans may not exceed five years, however if the loan is for the purchase of a principal residence, the Plan administrator may permit longer repayment terms, not to exceed twenty years, that are within statutory limits.

Distributions - On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account or annual installments over the estimated life of the participant. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Forfeitures - The forfeiture portion of any terminated account is allocated on a pro rata basis among the Plan's other participants.

Note 2. Summary of Significant Accounting Policies

Method of Accounting - The financial statements have been prepared using the accrual method of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Investment Valuation and Income Recognition - Investments are reported at fair value (except for the fully benefit-responsive investment contract, which is reported at contract 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. The Plan's Board of Trustees determines the Plan's valuation policies utilizing information provided by the investment advisers, custodians and insurance company. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

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

Reclassifications - Some items may have been reclassified from prior years financial statements for comparability purposes.

Contributions - Participant contributions and related employer matching contributions are recorded when contributions are withheld from the participant.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payment of Benefits - Benefits are recorded when paid.

Corrective Distributions Payable - Amounts payable to participants for contributions in excess of amounts allowed by the Internal Revenue Service are recorded as a liability with a corresponding deduction on the statements of changes in net assets available for benefits. The Plan distributed the excess contributions to the applicable participants prior to March 15th of each subsequent year.

Notes Receivable from Participants - Notes receivable from participants are measured at their unpaid principal balance plus any accrued and unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when incurred. Delinquent notes receivable from participants are recorded as a distribution based upon the terms of the Plan document. No allowance for credit losses has been recorded as of December 31, 2019 and 2018.

New Accounting Pronouncement - In 2018, Accounting Standards Update (ASU) 2018-13 was issued by the Financial Accounting Standards Board. ASU 201 8-13 modifies the disclosure requirements on fair value and is effective for plan years beginning after December 15, 2019. The Plan has elected early implementation of this standard. Certain fair value investment information has been restated to present that information on a comparative basis. The adoption of ASU 2018-13 did not have a material impact on the Plan's financial statements.

NOTE 3. PLAN TERMINATION

Although no employer has expressed any intent to do so, each employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the ERISA. In the event of plan termination, participants would become 100% vested in their employer’s contributions.

NOTE 4. FAIR VALUE MEASUREMENTS

Accounting standards provide the framework for measuring fair value which 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 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy 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.

Note 4. Fair Value Measurements (continued)

Level 2 - Inputs to the valuation methodology include other significant observable inputs including:

- 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; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Pooled separate accounts: Expressed as units of account with a value per unit that is the result of the accumulated values of the underlying investments held by the Plan at year end. The underlying assets in these funds are generally publicly traded on exchanges and price quotes for the assets held by these funds are readily available.

Note 4. Fair Value Measurements (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2019 and 2018:

	Assets at Fair Value as of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Investments in the fair value hierarchy				
Mutual funds	$ 34,336,106	$ 34,336,106	$ -	$ -
Investments measured at NAV*	12,153,494			
Total investments at fair value	$ 46,489,600			

	Assets at Fair Value as of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Investments in the fair value hierarchy				
Mutual funds	$ 26,092,873	$ 26,092,873	$ -	$ -
Investments measured at NAV*	9,141,344			
Total investments at fair value	$ 35,234,217			

*In accordance with Accounting Standards Codification, investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

<u>Fair Value of Investments that Calculate NAV</u>

The following tables summarizes investments measured at fair value based on NAV's per share as of December 31, 2019 and 2018, respectively:

December 31, 2019	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Pooled separate accounts	$ 12,153,494	None	Daily/Monthly	Without Notice

December 31, 2018	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Pooled separate accounts	$ 9,141,344	None	Daily/Monthly	Without Notice

Note 4. Fair Value Measurements (continued)

The Plan's investment in the pooled separate accounts category is comprised of several investments. Underlying assets in these funds primarily include publicly traded equity securities and fixed income securities and are valued at their net asset values calculated by the fund sponsor and have daily or monthly liquidity.

Note 5. Tax Status

The Internal Revenue Service has determined and informed the Plan by a letter dated August 22, 2013, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the U.S. Federal jurisdiction and the various states and local jurisdictions in which the Plan files returns. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 6. Related Party Transactions and Party-in-Interest Transactions

SEIU National Industry Pension Fund (the Fund) provides administrative services to the Plan. At December 31, 2019 and 2018, amounts due to the Fund for reimbursement of administrative fees paid on behalf of the Plan were $4,847 and $4,356, respectively.

At December 31, 2019 and 2018, the Plan owed the SEIU Affiliates Officers and Employees Pension Plan $8,216 and $-0-, respectively, for reimbursement of insurance policy premiums paid on behalf of the Plan.

Certain plan investments are pooled separate accounts and insurance company contracts managed by Prudential. Prudential is the trustee as defined by the Plan and, therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan to Prudential for the years ended December 31, 2019 and 2018 were $131,695 and $137,287, respectively.

Note 7. 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 participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 8. Prudential Guaranteed Income Fund

The Plan's insurance company contract, the Prudential Guaranteed Income Fund, is a fully benefit-responsive insurance contract backed by the full faith and credit of Prudential Retirement Insurance and Annuity Company (PRIAC) and is therefore reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of this plan. Under this contract, participants may ordinarily direct permitted withdrawal or transfers of all or a portion of their account balance at contract value within reasonable timeframes. Contract value represents deposits made to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees. Contract value is also often referred to as book value. The contract is affected directly between the Plan sponsor and the issuer. The repayment of principal and interest credited to participants is a financial obligation of the issuer. Generally, there are not any events that could limit the ability of the Plan to transact at contract value paid within 90 days or contract value paid over time. There are not any events that allow the issuer to terminate the contract and which require the Plan sponsor to settle at an amount different than contract value paid either within 90 days or over time.

	2019	2018
Guaranteed Income Fund	$ 7,255,295	$ 6,459,773

The Plan's ability to receive amounts due is dependent on the issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Note 9. Subsequent Events

Subsequent to year-end, U.S. and global business and financial markets have been severely impacted by the Coronavirus pandemic. The potential impacts on the Plan's financial condition and activities cannot be determined at this time. All subsequent events have been evaluated through September 23, 2020, which is the date the financial statements were available to be issued. This review and evaluation revealed no other material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

SEIU Affiliates' Supplemental Retirement Savings 401(k) Plan

Schedule of Assets (Held at End of Year)

December 31, 2019

Form 5500, Schedule H, Line 4i

EIN: 36-0852885
Plan No. 335

(a)	(b) Identity of issuer, borrower, lessor or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par or maturity value: Description	Maturity Date	Rate of Interest	Par/Maturity Value or Shares	(d) Cost	(e) Current Value
*	Guaranteed Income Fund	Ins Contract	N/A	N/A	260,674	**	$ 7,255,295
*	Dryden S&P 500 Index Fund	PSA	N/A	N/A	33,626	**	8,484,130
*	High Grade Bond/GSAM Fund	PSA	N/A	N/A	7,307	**	197,800
*	International Blend/AQR	PSA	N/A	N/A	103,081	**	2,156,126
*	Mid Cap Growth/Artisan Partners	PSA	N/A	N/A	11,850	**	575,815
*	Sm Cap Growth II/Wellington	PSA	N/A	N/A	11,598	**	366,541
*	Small Cap Val/Kennedy Fund	PSA	N/A	N/A	8,053	**	373,082
	Baird Core Pl Bond	Reg. Inv. Co.	N/A	N/A	265,116	**	3,064,738
	Ariel International I	Reg. Inv. Co.	N/A	N/A	677	**	9,177
	Cal Social Inv Equity I	Reg. Inv. Co.	N/A	N/A	143,551	**	9,260,466
	DFA US Social Core Eq	Reg. Inv. Co.	N/A	N/A	176,357	**	3,109,170
	Vanguard Target Ret 2020	Reg. Inv. Co.	N/A	N/A	77,355	**	2,516,343
	Vanguard Target Ret 2025	Reg. Inv. Co.	N/A	N/A	86,771	**	1,721,542
	Vanguard Target Ret 2030	Reg. Inv. Co.	N/A	N/A	91,446	**	3,333,210
	Vanguard Target Ret 2035	Reg. Inv. Co.	N/A	N/A	118,298	**	2,664,076
	Vanguard Target Ret 2040	Reg. Inv. Co.	N/A	N/A	72,444	**	2,834,735
	Vanguard Target Ret 2045	Reg. Inv. Co.	N/A	N/A	91,125	**	2,250,775
	Vanguard Target Ret 2050	Reg. Inv. Co.	N/A	N/A	33,843	**	1,345,945
	Vanguard Target Ret 2055	Reg. Inv. Co.	N/A	N/A	17,678	**	763,530
	Vanguard Target Retirement Income	Reg. Inv. Co.	N/A	N/A	104,085	**	1,462,399
							53,744,895
*	Notes receivable from participants	N/A	Through 2028	3.25%-5.50%	N/A	N/A	1,210,192
	Total assets (held at end of year)						$ 54,955,087

* Indicates party-in-interest

** Column (d) cost information is not required to be disclosed when reporting investments of an individual account plan that participants or beneficiaries directed with respect to assets allocated to their respective accounts.