

**SEIU AFFILIATES OFFICERS & EMPLOYEES  
PENSION PLAN - UNITED STATES**

FINANCIAL STATEMENTS

DECEMBER 31, 2019



**SEIU AFFILIATES OFFICERS & EMPLOYEES  
PENSION PLAN - UNITED STATES**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of the  
SEIU Affiliates Officers and Employees  
Pension Plan - United States

We have audited the accompanying financial statements of the SEIU Affiliates Officers and Employees Pension Plan - United States (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, the statement of accumulated plan benefits as of December 31, 2018, and the related statement of changes in accumulated plan benefits for year ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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, information regarding the Plan's net assets available for benefits as of December 31, 2019 and changes therein for the year then ended, and its financial status as of December 31, 2018 and changes therein for the year 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 17 is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplemental information on page 18 is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*CalibreCPAGroup, PLLC*

Bethesda, MD  
October 9, 2020

**SEIU AFFILIATES OFFICERS AND EMPLOYEES  
PENSION PLAN - UNITED STATES**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**

DECEMBER 31, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
<b>INVESTMENTS - AT FAIR VALUE</b>		
Plan interest in SEIU Pension Plans Master Trust	\$ 1,146,006,893	\$ 977,709,757
<b>RECEIVABLES</b>		
Employer contributions	7,542,071	7,689,229
Due from related parties	101,049	80,254
Merger receivables	237,850	320,869
Other receivables	14,138	16,384
Total receivables	<u>7,895,108</u>	<u>8,106,736</u>
<b>PREPAID EXPENSES</b>	<u>80,138</u>	<u>75,648</u>
<b>CASH</b>	<u>3,100,045</u>	<u>2,622,557</u>
Total assets	<u>1,157,082,184</u>	<u>988,514,698</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	345,585	360,909
Due to related parties	<u>191,392</u>	<u>98,555</u>
Total liabilities	<u>536,977</u>	<u>459,464</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 1,156,545,207</u>	<u>\$ 988,055,234</u>

See accompanying notes to financial statements.

**SEIU AFFILIATES OFFICERS AND EMPLOYEES  
PENSION PLAN - UNITED STATES**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<b>ADDITIONS</b>		
Investment income (loss)		
Interest and dividends	\$ 15,421	\$ 13,933
Plan interest in Master Trust net investment income	169,458,325	(29,159,271)
Total investment income (loss)	169,473,746	(29,145,338)
Employer contributions	59,620,937	57,863,627
Total additions	229,094,683	28,718,289
<b>DEDUCTIONS</b>		
Pension benefits	56,417,771	52,756,667
Lump-sum pension benefits	2,464,611	1,260,574
Administrative expenses	1,722,328	1,582,784
Total deductions	60,604,710	55,600,025
<b>NET CHANGE</b>	168,489,973	(26,881,736)
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>		
Beginning of year	988,055,234	1,014,936,970
End of year	\$ 1,156,545,207	\$ 988,055,234

See accompanying notes to financial statements.

**SEIU AFFILIATES OFFICERS AND EMPLOYEES  
PENSION PLAN - UNITED STATES**

**STATEMENT OF ACCUMULATED PLAN BENEFITS**

DECEMBER 31, 2018

ACTUARIAL PRESENT VALUE OF  
ACCUMULATED PLAN BENEFITS

Vested benefits

Participants currently receiving benefits \$ 562,411,283

Other participants 495,691,003

Total vested benefits 1,058,102,286

Nonvested benefits 45,713,330

TOTAL ACTUARIAL PRESENT VALUE OF  
ACCUMULATED PLAN BENEFITS

\$ 1,103,815,616

See accompanying notes to financial statements.

**SEIU AFFILIATES OFFICERS AND EMPLOYEES  
PENSION PLAN - UNITED STATES**

**STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS**

YEAR ENDED DECEMBER 31, 2018

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AS OF JANUARY 1, 2018	<u>\$ 1,008,769,783</u>
Change during the year attributable to	
Benefits accumulated, net experience gain or loss and changes in data	44,361,099
Interest	73,463,283
Plan amendments	144,499
Changes in actuarial assumptions	31,094,193
Benefits paid	<u>(54,017,241)</u>
NET CHANGE	<u>95,045,833</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AS OF DECEMBER 31, 2018	<u>\$ 1,103,815,616</u>

See accompanying notes to financial statements.

**SEIU AFFILIATES OFFICERS AND EMPLOYEES  
PENSION PLAN - UNITED STATES**

**NOTES TO FINANCIAL STATEMENTS**

YEARS ENDED DECEMBER 31, 2019 AND 2018

**NOTE 1. DESCRIPTION OF THE PLAN**

The following description of the SEIU Affiliates Officers and Employees Pension Plan - United States (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

**General** - The Plan is a defined benefit pension plan that covers employees of SEIU local unions and related organizations that have been approved for participation. Employees earning salaries of at least \$4,000 per year are covered. Benefits are based on age, accrued service and average salary during the highest 36 consecutive months of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

In accordance with the Pension Protection Act for 2006 (PPA), the actuaries declared the Plan not to be in critical or endangered status at December 31, 2019.

**Pension Benefits** - For participants who are currently employed or have terminated participation after January 1, 1986, vesting requires three years of current service or vesting service; or 15 years of service credit with at least one year of current service. For vested participants active as of January 1, 1999, the normal pension is a monthly benefit equal to 2.5% of final average compensation times years of service credit. Early, disability and survivor benefits are also provided. Please refer to the plan document for more details regarding benefits provided by the Plan.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Investment Valuation and Income Recognition** - The fair value of the Plan's interest in the SEIU Pension Plans Master Trust Account is based on the beginning of the year value of the Plan's interest in the trust, plus actual contributions and allocated investment income, less actual distributions and allocated administrative expenses. Investments in the SEIU Pension Plans Master Trust Account 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. The Plan's Board of Trustees (the Trustees) determines the Plan's valuation policies utilizing information provided by its investment advisers and custodians. See Note 6 for a discussion of fair value measurements.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**Employer Contributions** - Employer contributions due and unpaid at the end of the year are recorded as contributions receivable. No allowance for doubtful accounts was considered necessary.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosures of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements, and changes therein. Actual result could differ from those estimates.

**Shared Administrative Expenses** - The Plan charged the SEIU Affiliates Officers and Employees Pension Plan - Canada a portion of common administrative expenses based upon the number of active participants. These allocated expenses amounted to 7.67% for 2019 and 7.12% for 2018 of the allocated administrative expenses.

**Payment of Benefits** - Benefit payments to participants are recorded upon distribution.

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

**New Accounting Pronouncement** - In 2018, Accounting Standards Update (ASU) 2018-13 was issued by the Financial Accounting Standards Board. ASU 2018-13 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. PRIORITIES UPON TERMINATION**

It is the intent of the Trustees to continue the Plan in full force and effect; however, to safeguard against any unforeseen contingencies, the right to discontinue the Plan is reserved to the Trustees. Termination shall not permit any part of the Plan assets to be used for or diverted to purposes other than the exclusive benefit of the pensioners, beneficiaries and participants. In the event of termination, the net assets of the Plan will be allocated to pay benefits in priorities as prescribed by ERISA and its related regulations.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC). The PBGC provides financial assistance to plans to help them avoid insolvency. Should a plan become insolvent, the PBGC guarantees certain benefits to participants; however,

### **NOTE 3. PRIORITIES UPON TERMINATION (CONTINUED)**

the benefits guaranteed are generally only a portion of the normal pension benefit. In addition, no benefit increases as a result of plan amendments in effect for less than five years are guaranteed. For Plan terminations, PBGC guarantees a portion of the pension earned up to \$35.75 per month times the years of credited services. Some benefits may be fully or partially provided for while other benefits may not be provided at all.

### **NOTE 4. ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS**

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired 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, disability and 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 an actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The actuarial valuations were made using the entry age normal actuarial cost method. The significant actuarial assumptions used in the valuations as of December 31, 2018 were:

- a) Retirement age assumptions - average assumed retirement age was 62 years.
- b) Net investment rate of return - 7.5% per year.
- c) Administrative expenses - \$1,765,000.
- d) Healthy mortality rates - 104.4% of the RP-2014 Blue Collar Mortality table (separate employee and annuitant tables) projected generationally from 2018 with 2018 SSA Scale.
- e) Disabled mortality rates - healthy life (annuitant) mortality, with ages set forward 10 years.

The above actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial results. The computation of the actuarial present value of accumulated plan benefits was made as of January 1, 2019. Had the valuation been performed as of December 31, 2019, there would be no material differences.

Since information on the accumulated plan benefits at December 31, 2019, and the changes therein for the year then ended are not included, the financial statements do not purport to present a complete presentation of the financial status of the Plan as of December 31, 2019, and the changes therein for the year then ended, but a presentation of only the net assets available for benefits and the changes therein as of and for the year ended December 31, 2019. The complete financial status of the Plan is presented as of December 31, 2018. Through December 31, 2018, the Plan's actuary has determined the Plan has met the minimum funding requirements of ERISA.

## NOTE 5. TAX STATUS

The Plan obtained its latest determination letter on July 10, 2013, in which the Internal Revenue Service (IRS) stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving that determination letter. However, the Plan's 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.

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 IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

## NOTE 6. INVESTMENTS IN SEIU PENSION PLANS MASTER TRUST

The SEIU National Industry Pension Plan - United States, the SEIU Affiliates Officers and Employees Pension Plan - United States, and the Pension Plan for Employees of the Service Employees International Union - United States each contributed investment assets to a combined investment account entitled SEIU Pension Plans Master Trust. Each of the three contributing pension plans has an undivided interest in the Master Trust.

The value of the Plan's interest in the SEIU Pension Plans Master Trust is based on the beginning of year value of the Plans' interest in the Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. The Plan's interest in the net assets of the Master Trust was 41.72043% and 41.14782% as of December 31, 2019 and 2018, respectively. Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon ending monthly balances invested in each plan.

The following table presents the assets of the SEIU Pension Plans Master Trust as of December 31, 2019 and 2018:

	December 31, 2019		December 31, 2018	
	SEIU Pension Plans Master Trust Balances	Plan's Interest in SEIU Pension Plans Master Trust Balances	SEIU Pension Plans Master Trust Balances	Plan's Interest in SEIU Pension Plans Master Trust Balances
Short term investments	\$ 37,148,668	\$ 15,498,585	\$ 15,177,944	\$ 6,245,393
U.S. Government and government agency obligations	207,274,189	86,475,689	198,041,967	81,489,944
Corporate notes and bonds	122,332,471	51,037,636	131,676,006	54,181,801
Common stocks	1,064,472,577	444,103,787	886,584,810	364,810,286
Mutual funds	30,036,746	12,531,460	85,512,002	35,186,321
Common collective trusts	739,894,688	308,687,266	556,883,144	229,145,251
Insurance company pooled separate accounts	43,808,217	18,276,978	42,118,131	17,330,691
Limited partnerships	412,975,253	172,295,063	376,252,807	154,819,813
Other pooled funds	85,689,929	35,750,209	80,365,461	33,068,632
Total investments at fair value	2,743,632,738	1,144,656,673	2,372,612,272	976,278,132
Plus				
Accrued income	3,236,351	1,350,220	3,477,669	1,431,625
Total	\$ 2,746,869,089	\$ 1,146,006,893	\$ 2,376,089,941	\$ 977,709,757

**NOTE 6. INVESTMENTS IN SEIU PENSION PLANS MASTER TRUST (CONTINUED)**

The following are net appreciation (depreciation) in the fair value of investments and investment income for the SEIU Pension Plans Master Trust for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Net appreciation (depreciation) in fair value of investments	\$ 369,427,179	\$ (109,815,651)
Investment income	<u>42,363,105</u>	<u>39,367,829</u>
Total	<u>\$ 411,790,284</u>	<u>\$ (70,447,822)</u>

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 (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted 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 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

## NOTE 6. INVESTMENTS IN SEIU PENSION PLANS MASTER TRUST (CONTINUED)

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

*Short-term investments:* Valued at amortized cost, which approximates value.

*Corporate bonds and notes:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

*United States Government and government agency obligations:* Valued using pricing models maximizing the use of observable inputs for similar securities.

*Common stock:* Valued at the closing price reported on the active market on which the individual securities are traded.

*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.

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2019:

	Master Trust Assets at Fair Value as of December 31, 2019			
	Total	Level 1	Level 2	Level 3
Short term investments	\$ 37,148,668	\$ -	\$ 37,148,668	\$ -
United States Government and government agency obligations	207,274,189	120,711,691	86,562,498	-
Corporate bonds and notes	122,332,471	-	122,332,471	-
Common stock	1,064,472,577	1,061,186,554	-	3,286,023
Mutual funds	30,036,746	30,036,746	-	-
Total assets in the fair value hierarchy	1,461,264,651	<u>\$ 1,211,934,991</u>	<u>\$ 246,043,637</u>	<u>\$ 3,286,023</u>
Investments measured at NAV*	1,282,368,087			
Investments at fair value	<u>\$ 2,743,632,738</u>			

\*In accordance with Accounting Standards Codification, investments that were measured at net asset value per share (or its equivalent) have not been classified 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 line items presented in the statements of net assets available for benefits.

**NOTE 6. INVESTMENTS IN SEIU PENSION PLANS MASTER TRUST (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2018:

	Master Trust Assets at Fair Value as of December 31, 2018			
	Total	Level 1	Level 2	Level 3
Short term investments	\$ 15,177,944	\$ -	\$ 15,177,944	\$ -
United States Government and government agency obligations	198,041,967	97,968,357	100,073,610	-
Corporate bonds and notes	131,676,006	-	131,676,006	-
Common stock	886,584,810	883,997,174	-	2,587,636
Mutual funds	85,512,002	85,512,002	-	-
Total assets in the fair value hierarchy	1,316,992,729	\$ 1,067,477,533	\$ 246,927,560	\$ 2,587,636
Investments measured at NAV*	1,055,619,543			
Investments at fair value	\$ 2,372,612,272			

\*In accordance with Accounting Standards Codification, investments that were measured at net asset value per share (or its equivalent) have not been classified 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 line items presented in the statements of net assets available for benefits.

For the years ended December 31, 2019 and 2018, there were no sales of investments whose value has been determined using significant unobservable inputs (Level 3).

Fair Value of Investments that Calculate Net Asset Value

The following table 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
Common collective trusts	\$ 739,894,688	\$ -	Varies	Varies
Insurance company pooled separate account	43,808,217	-	Varies	Varies
Limited partnerships	412,975,253	114,075,599	Varies	Varies
Other pooled funds	85,689,929	-	Varies	Varies
Total	\$ 1,282,368,087	\$ 114,075,599		

**NOTE 6. INVESTMENTS IN SEIU PENSION PLANS MASTER TRUST (CONTINUED)**

<u>December 31, 2018</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Common collective trusts	\$ 556,883,144	\$ -	Varies	Varies
Insurance company pooled separate account	42,118,131	-	Varies	Varies
Limited partnerships	376,252,807	94,579,944	Varies	Varies
Other pooled funds	<u>80,365,461</u>	<u>-</u>	Varies	Varies
Total	<u>\$ 1,055,619,543</u>	<u>\$ 94,579,944</u>		

The investments in the common collective trust class 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 NAV calculated by the fund sponsor and have daily or monthly liquidity.

The investments in insurance company pooled separate accounts from insurance contracts seeks to capitalize on opportunities in the U.S. commercial real estate market through making loans to borrowers in connection with the acquisition, development or refinancing of commercial properties. This investment is valued based on the underlying portfolio of investments valued primarily through cash flow models and appraisals.

The investments in the limited partnerships class seek to achieve long term-growth of capital consistent with risk reduction through diversification. These investments are subject to various restrictions on redemption and frequency. The fair value of these investments is estimated based on the audited capital accounts and the Master Trust's respective ownership as reported by the investment manager.

The investment in the other pooled funds class is an investment in a manager that seeks to provide sound means to invest in a portfolio of high-quality, short-term construction loans secured by the projects being built. This investment is valued based on the underlying value of its portfolio.

**NOTE 7. FUNDING POLICY**

Contributions to the Plan are actuarially determined utilizing the frozen entry age actuarial cost method. Funding of the Plan is provided by employer contributions at the rate of 21% of covered payroll of participants for 2019 and 2018.

## **NOTE 8. RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

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, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the financial statements.

## **NOTE 9. MERGER RECEIVABLE**

Effective June 1, 2010, the CSEA Retirement Plan (the CSEA Plan) was merged into the Plan. Under the terms of a merger agreement, an independent actuary determined that the CSEA Plan would need to provide approximately \$80,600,000 in order to fund the CSEA Plan's obligations. The Plan received \$71,200,000 of this funding upon transfer of the net assets of the CSEA Plan on June 1, 2010. The remaining balance, estimated at \$9,400,000, was to be provided by CSEA to the Plan in a lump sum payment of approximately 20% with the remainder paid in monthly installments over no more than 12 years with interest at 8% per annum.

On January 17, 2012, the Plan received \$7,271,136 as full consideration for the payment of the outstanding receivable balance from CSEA.

On March 6, 2012, an independent fiduciary determined that the CSEA Plan owed additional amounts to the Plan attributable to the application of automatic actuarial increases. This obligation is to be paid in monthly installments, over no more than 7 years, with interest at 8% per annum. The remaining balance at December 31, 2019 and 2018, after payments received was \$237,850 and \$320,869, respectively. For ongoing funding purposes, CSEA will contribute 6% of payroll on a monthly basis during 2019.

## **NOTE 10. TRANSACTIONS WITH RELATED PARTIES**

The Plan was allocated its share of salaries, payroll taxes, employee benefits and other administrative expenses paid by the SEIU National Industry Pension Plan - United States, an organization related to the Plan through common Trustees. The Plan's share of these expenses for the years ended December 31, 2019 and 2018 was \$961,950 and \$954,932, respectively.

For the years ended December 31, 2019 and 2018, the Plan allocated certain common administrative expenses to the SEIU Affiliates Officers and Employees Pension Plan - Canada, totaling \$84,918 and \$69,549, respectively.

**NOTE 10. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

At December 31, 2019 and 2018, the Plan had receivables from/payables to related parties as summarized below:

	<u>2019</u>	<u>2018</u>
Due from		
SEIU Affiliates Officers and Employees		
Pension Plan - Canada	\$ 91,631	\$ 79,599
Pension Plan for Employees of the Service		
Employees International Union - Canada	643	655
SEIU Affiliates' Supplemental		
Retirement Savings 401(k) Plan	8,216	-
Service Employees International Union	559	-
	<u>\$ 101,049</u>	<u>\$ 80,254</u>
Due to		
Service Employees International Union		
Health and Welfare Fund	\$ 1,945	\$ -
SEIU National Industry Pension Plan - United States	189,447	98,555
	<u>\$ 191,392</u>	<u>\$ 98,555</u>

**NOTE 11. 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 October 9, 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 OFFICERS AND EMPLOYEES  
PENSION PLAN - UNITED STATES**

**SCHEDULES OF ADMINISTRATIVE EXPENSES**

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<b>ADMINISTRATIVE EXPENSES</b>		
Administrative services	\$ 635,126	\$ 578,583
Bank charges	28,127	19,349
Equipment rental and expense	4,812	6,445
Insurance and bonding	78,327	79,400
Occupancy expenses	40,058	26,715
Office supplies and expense	2,720	10,832
Pension Benefit Guaranty Corporation premiums	319,609	303,772
Postage	7,469	10,863
Printing	10,196	8,919
Real estate and personal property taxes	96	184
Telephone	2,083	3,872
Total administrative expenses	1,128,623	1,048,934
<b>PROFESSIONAL AND OUTSIDE SERVICE FEES</b>		
Accounting fees and expenses	26,000	23,032
Actuarial consulting and related fees	191,000	198,138
Administrative fees and services	11,803	10,291
Consulting - other	3,312	995
Insurance service fees	8,054	7,572
Legal fees and expenses	73,804	72,647
Outside services	2,949	3,032
Temporary help	-	14,976
Trustee expenses	8,858	6,184
Total professional and outside service fees	325,780	336,867
<b>COMPUTER SERVICES</b>		
Computer supplies, technical support and systems implementation	262,946	193,770
Data services	4,979	3,213
Total computer services	267,925	196,983
Total	\$ 1,722,328	\$ 1,582,784

**SEIU AFFILIATES OFFICERS AND EMPLOYEES  
PENSION PLAN - UNITED STATES**

**SCHEDULE OF ASSETS (HELD AT END OF YEAR)**

DECEMBER 31, 2019

FORM 5500, SCHEDULE H, PART IV, LINE 4f

EIN: 52-0812348  
Plan No.: 001

(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			(d) Cost	(e) Current Value	
		Collateral	Maturity Date	Interest Rate			Shares/ Par Value
	Interest in master trust	N/A	N/A	N/A	Varies	\$ 908,079,859	\$ 1,146,006,893
	Total assets (held at end of year)					\$ 908,079,859	\$ 1,146,006,893