LOCAL 805 PENSION AND RETIREMENT FUND

FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016
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<td>6</td>
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INDEPENDENT AUDITORS’ REPORT

Board of Trustees of
Local 805 Pension and Retirement Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the Local 805 Pension and Retirement Fund, which comprise the statements of net assets available for benefits as of March 31, 2017 and 2016, the related statements of changes in net assets available for benefits for the years then ended, the statement of accumulated plan benefits as of March 31, 2016, and the related statement of changes in accumulated plan benefits for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 March 31, 2017, and the changes therein for the year then ended and its financial status as of March 31, 2016, and the changes therein for the year then ended in conformity with accounting principles generally accepted in the United States of America.
INDEPENDENT AUDITORS’ REPORT (continued)

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 included in Schedule H (Form 5500), of (1) assets (held at end of year) and (2) reportable transactions, 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.

New York, NY
September 20, 2017
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments, at fair value</td>
<td>$ 41,755,677</td>
<td>$ 49,441,890</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from brokers for securities sold</td>
<td>900,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>37,614</td>
<td>39,876</td>
</tr>
<tr>
<td><strong>Total Receivables</strong></td>
<td>937,614</td>
<td>1,239,876</td>
</tr>
<tr>
<td>Other assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, operating accounts</td>
<td>4,561,762</td>
<td>1,056,213</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>13,927</td>
<td>20,841</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td>4,575,689</td>
<td>1,077,054</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>47,268,980</td>
<td>51,758,820</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued administrative expenses</td>
<td>83,266</td>
<td>86,613</td>
</tr>
<tr>
<td><strong>NET ASSETS AVAILABLE FOR BENEFITS</strong></td>
<td>$ 47,185,714</td>
<td>$ 51,672,207</td>
</tr>
</tbody>
</table>
LOCAL 805 PENSION AND RETIREMENT FUND

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED MARCH 31, 2017 AND 2016

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

## ADDITIONS TO NET ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net appreciation (depreciation) in fair value of investments</td>
<td>$ 5,203,986</td>
<td>$(707,588)</td>
</tr>
<tr>
<td>Interest, dividends and other</td>
<td>1,064,451</td>
<td>1,019,426</td>
</tr>
<tr>
<td>Less - Investment fees</td>
<td>202,233</td>
<td>214,327</td>
</tr>
<tr>
<td><strong>Net Investment Income</strong></td>
<td>6,066,204</td>
<td>97,511</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>1,807,322</td>
<td>1,582,883</td>
</tr>
<tr>
<td>Withdrawal liability contributions</td>
<td>174,773</td>
<td>0</td>
</tr>
<tr>
<td>Other income</td>
<td>622</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total Additions</strong></td>
<td>8,048,921</td>
<td>1,680,398</td>
</tr>
</tbody>
</table>

## DEDUCTIONS FROM NET ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension benefits</td>
<td>11,901,461</td>
<td>11,704,972</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>633,953</td>
<td>452,499</td>
</tr>
<tr>
<td><strong>Total Deductions</strong></td>
<td>12,535,414</td>
<td>12,157,471</td>
</tr>
</tbody>
</table>

Net (decrease) in net assets available for benefits

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(4,486,493)</strong></td>
<td><strong>(10,477,073)</strong></td>
<td></td>
</tr>
</tbody>
</table>

Net assets available for benefits:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>$ 51,672,207</td>
<td>62,149,280</td>
</tr>
<tr>
<td>Ending</td>
<td><strong>$ 47,185,714</strong></td>
<td><strong>$ 51,672,207</strong></td>
</tr>
</tbody>
</table>
### ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

<table>
<thead>
<tr>
<th>Vested benefits:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pensioners and beneficiaries currently receiving benefits</td>
<td>$113,013,788</td>
</tr>
<tr>
<td>Other vested benefits</td>
<td>49,961,337</td>
</tr>
<tr>
<td><strong>Total Vested Benefits</strong></td>
<td><strong>162,975,125</strong></td>
</tr>
<tr>
<td>Non-vested benefits</td>
<td>452,189</td>
</tr>
<tr>
<td><strong>Total actuarial present value of accumulated plan benefits</strong></td>
<td><strong>$163,427,314</strong></td>
</tr>
</tbody>
</table>

### CHANGES IN ACCUMULATED PLAN BENEFITS

<table>
<thead>
<tr>
<th>Increase (decrease) during period attributable to:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Passage of time</td>
<td>10,331,547</td>
</tr>
<tr>
<td>Benefits accumulated, net experience gain or loss, changes in data</td>
<td>3,350,036</td>
</tr>
<tr>
<td>Change in actuarial assumptions</td>
<td>2,538,264</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(11,704,972)</td>
</tr>
<tr>
<td><strong>Net Increase</strong></td>
<td>4,514,875</td>
</tr>
<tr>
<td><strong>Actuarial present value of accumulated plan benefits - Ending</strong></td>
<td><strong>$163,427,314</strong></td>
</tr>
</tbody>
</table>
NOTE 1 – DESCRIPTION OF PLAN

The following brief description of Local 805 Pension and Retirement Fund (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document and the Summary Plan Description for a more complete description of the Plan’s provisions.

General: The Plan is a defined benefit pension plan established on December 20, 1954 that is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. It is funded by negotiated employer contributions typically set for multiyear periods under collectively bargained agreements. The Plan operates as a trust to provide retirement benefits to participants who are covered employees of participating employers under collective bargaining agreements between certain employers (the “Employer”) and Local 805 International Brotherhood of Teamsters (the “Union”).

Plan Administration: The administration of the Plan is the responsibility of a Board of Trustees composed of Union and Employer Trustees. The Union Trustees and Employer Trustees have equal voting rights. The investments of the Plan are managed by investment managers and maintained by separate Plan custodians.

Pension Benefits: Participants become fully vested after 5 years of vesting service, as defined by the Plan. Participants are entitled to a normal pension beginning at age 65 after the fifth anniversary of plan participation. An early service retirement pension benefit is available for those participants who retire at age 55 with at least 15 years of continuous credited service. The pension benefit amount for regular pension for a participant with no covered employment after December 31, 1998 is based on a fixed rate of $2,000 per month for eligible participants. For those participants with credited service after December 31, 1998, the pension benefit amount for a regular pension shall be the greater of $2,100 at age 65 with 15 years of credited service and the accrued benefit schedule delineated in Section 5.6 of the Plan. For participants with no credited service prior to December 31, 1998, the regular pension benefit amount shall be calculated as stated in Section 5.6 of the Plan. For participants of YRC (“Yellow Freight”), the amount of $2,500 shall be substituted for $2,100 in the description above. The early service retirement pension benefit is the normal pension benefit amount described above, reduced for early commencement.

The Plan also offers a vested pension to participants who do not meet the eligibility requirements for a normal or early service retirement pension and who have either met the retirement age of 65 and have at least 5 years of continuous credited service or who have attained age 55 with at least 5 years of continuous credited service. The benefit amount shall be based on the normal or early service retirement pension benefit amount; however, the benefit derived from the schedule in effect prior to January 1, 1999 shall be multiplied by a fraction, the numerator being the number of years of credited service and the denominator being 30.

If an active and vested participant dies before reaching the earliest retirement age under the Plan, the participant’s surviving spouse, or designated beneficiary, if not married, would receive 50% of the benefit that the participant would have received had he retired the day before he died and elected the 50% joint and survivor option. The benefit commences when the participant would have first been eligible to retire. Active employees who become totally and permanently disabled, during a period in which they are working in covered employment and have met the same requirements as with the early service retirement pension are eligible for disability retirement pension benefit. The benefit amount is equal to the accrued benefit of the participant, with no actuarial age reduction.

As a result of the Pension Protection Act of 2006, the Plan was certified as being in “Critical Status” effective with the Plan Year beginning April 1, 2008. As a result, future accruals after entering Critical Status are determined in accordance with the Rehabilitation Plan that was adopted and included in the Plan as Appendix A.

Certain Yellow Freight employees participate in a defined contribution retirement plan that is part of the Plan. The Plan’s net assets at March 31, 2017 and 2016 include $127,504 and $112,477, respectively, which is the total of the participants’ accounts in the defined contribution plan.
NOTE 1 – DESCRIPTION OF PLAN (continued)

Pension Benefits (continued): A full description of plan benefit provisions is available in the Rules and Regulations of the Plan as amended and restated.

Funding: Employers make contributions for covered participants based on hours worked. The contribution rates are determined by the collective bargaining agreements in effect at the time.

Contributions for the year ended March 31, 2017 did not meet the minimum funding requirements of ERISA as amended by the Pension Protection Act of 2006. The plan sponsor determined that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan cannot reasonably be expected to emerge from critical status by the end of the Rehabilitation Period and that the Rehabilitation Plan can only be expected to forestall insolvency, as required by IRC §432(e)(3)(A)(ii). The Rehabilitation Plan is forestalling insolvency, and as a result, is meeting its scheduled progress as required by IRC §432(b)(3)(A)(ii). Since the Plan is meeting its scheduled progress, its employers are exempt from the excise taxes under IRC §4971.

Other: Although they have not expressed any intention to do so, the Trustees have the right under the Plan to modify benefits provided to participants. The Plan may be terminated only by the Board of Trustees, subject to the provisions set forth in ERISA.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Plan are prepared under the accrual method of accounting except for employer withdrawal liability and payroll audit contributions which, because of the uncertainty of collection, are recognized on the cash basis.

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

Employer Contributions: Employer contributions receivable and employer contribution income does not include estimates of amounts due from employers where reports were not received by the Plan office nor any amounts due but unpaid as a result of payroll audits.

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. See Note 9 for a 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 includes the Plan’s gains and losses on investments bought and sold as well as held during the year. Unrealized gains or losses are the differences between the fair value of the investments held at year-end and those held at the beginning of the year. Realized gains or losses on the sale of investments are based on the historical costs of the individual investments sold for financial reporting purposes, whereas the revalued cost (fair value at the beginning of the year) is used for determining the realized gain or loss for Form 5500 purposes.

Actuarial Present Value of Accumulated Plan Benefits: Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which 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 participants,
b. Beneficiaries of participants who have died; and
c. Present participants or their beneficiaries.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Actuarial Present Value of Accumulated Plan Benefits: (continued) Benefits under the Plan are based on employee’s years of service in covered employment. Benefits payable under all circumstances 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 from O’ Sullivan Associates Inc. and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuation as of March 31, 2016 were as follows:

- **Interest**: 6.50% (previously 6.75%) compounded annually
- **Mortality**:
  - Healthy: RP-2014 healthy mortality with blue collar adjustment, separate for male and female participants, adjusted with mortality improvement Scale MP-2014 from 2015
  - Disabled: RP-2014 disabled mortality, separate for male and female participants, adjusted with mortality improvement Scale MP-2014 from 2015
- **Termination**: Sarason T-8 Table
- **Retirement age**

<table>
<thead>
<tr>
<th>Age</th>
<th>Percent Retiring</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>20%</td>
</tr>
<tr>
<td>56-61</td>
<td>5%</td>
</tr>
<tr>
<td>62</td>
<td>25%</td>
</tr>
<tr>
<td>63-64</td>
<td>5%</td>
</tr>
<tr>
<td>65</td>
<td>70%</td>
</tr>
<tr>
<td>66</td>
<td>50%</td>
</tr>
<tr>
<td>67+</td>
<td>100%</td>
</tr>
</tbody>
</table>

If the participant had at least 20 years of Credited Service as of April 1, 2009 there is a one-time additional retirement incidence of 60% when the participant reaches age 55 and at least 25 years of Credited Service. This additional incidence applies immediately for participants who are already age 55 with 25 years of Credited Service.

- **Employment**: 4,997 total months annually
- **Percent Married**: 80%
- **Age of Spouse**: Females are 3 years younger than their spouses.
- **Expenses**: $440,000 payable at the beginning of the year
- **Funding Method**: Unit Credit
- **Interest rate for Withdrawal Liability**: 6.50% per annum
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Actuarial Present Value of Accumulated Plan Benefits: (continued)

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPA '94 Current Liability</td>
<td>Interest: 3.23%; Last year 3.40% was used</td>
</tr>
<tr>
<td>Assumptions</td>
<td>Mortality: As per IRC § 1.430(h)(3)-1</td>
</tr>
<tr>
<td>Defined Contribution Dollars</td>
<td>The liabilities were grossed up to include the value of the defined</td>
</tr>
<tr>
<td></td>
<td>contribution plan for certain YRCW participants. Pursuant to the audit, this</td>
</tr>
<tr>
<td>Assumption Changes</td>
<td>amount is $112,477 as of March 31, 2016</td>
</tr>
<tr>
<td></td>
<td>The retirement assumption was change from:</td>
</tr>
<tr>
<td>Participants with 20 years</td>
<td>Participants with 20 years of Credited Service as of April 1, 2009 are</td>
</tr>
<tr>
<td>of Credited Service as of</td>
<td>assumed to retire 3.25 years following 25 years of Credited Service for</td>
</tr>
<tr>
<td>April 1, 2009 are assumed to</td>
<td>those credits accrued through March 31, 2005. The remaining credits</td>
</tr>
<tr>
<td>retire 3.25 years following</td>
<td>accrued after April 1, 2005 are assumed to be payable at age 55.</td>
</tr>
<tr>
<td>25 years of Credited Service</td>
<td>Participants with fewer than 20 years of Credited Service as of April 1, 2009</td>
</tr>
<tr>
<td>are assumed to retire upon</td>
<td>are assumed to retire upon age 65 and 5 Years of Participation.</td>
</tr>
<tr>
<td>age 65 and 5 Years of</td>
<td></td>
</tr>
<tr>
<td>Participation.</td>
<td></td>
</tr>
<tr>
<td>To the following table:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Percent Refiring</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>20%</td>
</tr>
<tr>
<td>56-61</td>
<td>5%</td>
</tr>
<tr>
<td>62</td>
<td>25%</td>
</tr>
<tr>
<td>63-64</td>
<td>5%</td>
</tr>
<tr>
<td>65</td>
<td>70%</td>
</tr>
<tr>
<td>66</td>
<td>50%</td>
</tr>
<tr>
<td>67+</td>
<td>100%</td>
</tr>
</tbody>
</table>

If the participant had at least 20 years of Credited Service as of April 1, 2009 there is a one-time additional retirement incidence of 60% when the participant reaches age 55 and at least 25 years of Credited Service. This additional incidence applies immediately for participants who are already age 55 with 25 years of Credited Service.

The future service assumption was reduced from 5,910 months per year to 4,997 months, due to an employer withdrawal.

The interest rate was changed from 6.75% to 6.50%

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements: On May 1, 2015 the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), which removes the requirement to categorize within the fair value hierarchy all investments for which the fair value is measured using the net asset value per share practical expedient. The ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The ASU is effective for public business entities for fiscal years beginning after December 15, 2015, and the interim periods within those fiscal years. The effective date for all other entities is fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for all entities. Management has elected to early adopt this new accounting standard update on the Plan’s financial statements.

In July 2015, the FASB issued ASU 2015-12, Plan Accounting-Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965), I. Fully Benefit-Responsive Investment Contracts, II. Plan Investment Disclosures, III. Measurement Date Practicable Expedient. The standard amends three parts of plan accounting. The amendments in Part I removes the requirement to measure fully-benefit responsive investment contracts to be measured at fair value and now requires contracts to be measured, presented, and disclosed only at contract value. Part II of the amendment eliminates the requirement to disclose (1) individual investment that represent 5 percent or more of net assets available for benefits and (2) the net appreciation or depreciation for investment by general type. Finally, Part III of the amendment provides a practical expedient to permit plans to measure investments and investment-related accounts as of a month-end date that is closest to the plan’s fiscal year-end, when the fiscal period does not coincide with a month-end. The amendments in Parts I, II and III of the ASU are effective for fiscal years beginning after December 15, 2015.

NOTE 3 – EVALUATION OF SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through September 20, 2017, the date the financial statements were available to be issued.

NOTE 4 – PLAN TERMINATION PRIORITIES

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:

- Vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) up to the applicable limitations.
- All non-vested benefits.

Benefits under the plan are insured by the PBGC. Should the Plan terminate at some future time, its net assets generally will not be available on a pro-rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guaranty, whereas other benefits may not be provided for at all.

A full description of the Plan’s termination priorities is available in the Plan’s rules and regulations, as amended and restated.
NOTE 5 – TAX STATUS

The Internal Revenue Service has determined and informed the Plan, by letter dated November 24, 2015 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan’s administrator believes that the Plan currently is designed and is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the related trust is tax exempt. Consequently, no provision for income taxes has been included in the Plan's financial statements. The Plan’s tax filings for years prior to 2014 are no longer subject to examination by the tax authorities.

NOTE 6 – CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Plan to concentration of credit risk include cash and short-term investments. The Plan maintains accounts at high quality financial institutions. While the Plan attempts to limit any financial exposure, its cash deposit balances may, at times, exceed federally insured limits. Short-term investments are not covered by the Federal Deposit Insurance Corporation (FDIC).

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 the amounts reported in the statement 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 8 – WITHDRAWAL LIABILITY

The Plan has a default judgment of $2.6M against Gutlove & Shirvint for withdrawal liability owed the Plan. The employer appears to lack assets and may be unable to pay the judgment. The trustees are in the process of engaging an independent investigator to ascertain whether this is the case. No accrual has been made for this item in the financial statements.

On May 17, 2016, YRC Worldwide, Inc. signed a withdrawal liability settlement agreement with the Plan. YRC’s partial withdrawal liability consisting of 80 initial quarterly installments of $34,026 was determined by the Plan’s actuary and is the amount the Plan could expect to receive. For the year ended March 31, 2017, $136,104 was received.

On August 5, 2016, Center Candy Corporation signed a withdrawal liability settlement agreement with the Plan. Center Candy’s complete withdrawal consisting of 80 quarterly installments of $19,335 was determined by the Plan’s actuary and is the amount the Plan could expect to receive. For the year ended March 31, 2017, $38,669 was received.

On February 4, 2015, the Plan filed a proof of claim in bankruptcy against RT Liquidation Corp. f/k/a Rose Trucking Corp., requesting payment of withdrawal liability to the Plan in the amount of $3,806,618. On February 4, 2015, the Plan also filed a proof of claim in bankruptcy against WR Liquidation, Inc. f/k/a White Rose, Inc, requesting payment of withdrawal liability to the Plan in the amount of $9,699,368. As of the date of the audit report, the foregoing proofs of claim have not been resolved and there has been no indication of potential creditor
recoveries. It is uncertain whether the Plan would receive any payment of the aforementioned withdrawal liabilities.
NOTE 9 – 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 under FASB ASC 820 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;
  - 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.

Following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at March 31, 2017 and 2016.

*Interest bearing cash*: Interest bearing cash is reported at cost, which approximates 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.

The following tables set forth by level, within the fair value hierarchy, the Plan’s assets at fair value as of March 31, 2017, and 2016:

<table>
<thead>
<tr>
<th>Investment</th>
<th>March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td>Interest bearing cash</td>
<td>$4,554</td>
</tr>
<tr>
<td>Investments measured at NAV</td>
<td></td>
</tr>
<tr>
<td>Total Investments at fair value</td>
<td>$4,554</td>
</tr>
</tbody>
</table>
### NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

<table>
<thead>
<tr>
<th>Investment</th>
<th>March 31, 2016</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest bearing cash</td>
<td>$ 4,538</td>
<td></td>
<td></td>
<td>$ 0</td>
<td>$ 4,538</td>
</tr>
<tr>
<td>Investments measured at NAV</td>
<td></td>
<td>$ 49,437,352</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Investments at fair value</strong></td>
<td>$ 4,538</td>
<td></td>
<td></td>
<td>$ 0</td>
<td>$ 49,441,890</td>
</tr>
</tbody>
</table>

The following table summarizes investments measured at net asset value (NAV) per share as of March 31, 2017, and 2016, respectively.

#### March 31, 2017

<table>
<thead>
<tr>
<th>Investment</th>
<th>Fair Market Value</th>
<th>Unfunded Commitment</th>
<th>Redemption Frequency (if currently eligible)</th>
<th>Redemption Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prudential Trust Company</td>
<td>$ 14,527,027</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>ALF-CIO Equity</td>
<td>$ 17,654,298</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>Seligman</td>
<td>$ 4,574,935</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>Prudential PRISA SA</td>
<td>$ 2,331,939</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>Entrust Capital Diversified Fund QP</td>
<td>$ 1,069,728</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>U.S. Real Estate Investment Fund, LLC</td>
<td>$ 1,593,196</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td><strong>Total Investments measured at NAV</strong></td>
<td>$ 41,751,123</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### March 31, 2016

<table>
<thead>
<tr>
<th>Investment</th>
<th>Fair Market Value</th>
<th>Unfunded Commitment</th>
<th>Redemption Frequency (if currently eligible)</th>
<th>Redemption Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prudential Trust Company</td>
<td>$ 7,109,245</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>ALF-CIO Equity</td>
<td>$ 23,085,832</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>Columbia (Seligman)</td>
<td>$ 9,477,532</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>Prudential PRISA SA</td>
<td>$ 5,494,301</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>Entrust Capital Diversified Fund QP</td>
<td>$ 1,911,286</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td>U.S. Real Estate Investment Fund, LLC</td>
<td>$ 2,359,156</td>
<td>N/A</td>
<td>see below</td>
<td>see below</td>
</tr>
<tr>
<td><strong>Total Investments measured at NAV</strong></td>
<td>$ 49,437,352</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Prudential Trust Company**

The Plan is invested in a collective investment trust fund which was declared and established by Prudential Trust Company, a Pennsylvania trust company, for the collective investment and management of the assets of certain pension, profit sharing, stock bonus, and other trusts on behalf of entities that are qualified under Section 401(a) and exempt from taxation under Section 501(a) of the Code. The trust shall receive, hold and administer all moneys and other property contributed thereto, in trust, upon all the terms and conditions set forth herein.
NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Prudential Trust Company (continued)

If the Plan desires to withdraw totally or partially from participation in the trust it shall deliver a written request of withdrawal to the trustee specifying the dollar amount or the number of units to be withdrawn and the valuation date with respect to which the withdrawal shall be made. The trustee in its sole discretion may require a participating trust desiring to make withdrawals to notify the trustee in writing five (5) business days prior to the valuation date with respect to which the withdrawal will be made. The trustee shall have the discretion to limit the maximum withdrawal as of any valuation date to the greater of $2,000,000 or five percent (5%) of the value of the assets in the fund as of the valuation date.

ALF-CIO Equity

This AFL-CIO Equity Index Fund (the “Index Fund”) is established and maintained exclusively for the collective investment and reinvestment of moneys contributed thereto by Chevy Chase Trust Company, Bethesda, Maryland acting in its fiduciary capacity as an investment manager and custodian to the Index Fund. The Index Fund is established primarily for the benefit of certain plans, which cover: members of union and other organizations affiliated with the AFL-CIO; members of other labor organizations; employees of all of these entities; or certain government plans.

Admissions and withdrawals shall be effected upon the written request to the trustee of the Index Fund by the trustees of the Plan or a duly authorized TPA pursuant to the investment manager’s participation agreement with the Plan. Such admission or withdrawal shall take place on the same day as the request or on the next following valuation date unless a later valuation date is requested in writing by the Plan.

Seligman

The Seligman Large-Cap Value Pooled Trust (the “Trust”) was established under a trust agreement by and between J. & W. Seligman & Co. Incorporated and State Street Bank and Trust Company, as directed trustee in order to provide for the collective investment by the Trust’s investment manager of assets of trusts or accounts which may from time to time be transferred to the Trust.

Upon the written notification by the Plan signatory to the investment manager, given not less than 5 business days prior to a valuation date, the Plan may withdraw in whole or in part from the trust, subject, however, to the terms and provisions of the trust agreement.

Prudential PRISA SA

The Prudential Insurance Company of America ("Prudential"), a wholly owned subsidiary of Prudential Financial Inc. ("PFI"), established the PRISA Separate Account ("PRISA SA") in accordance with the laws of the State of New Jersey. PRISA SA is an open-ended commingled insurance company separate account designed for use as a funding vehicle for tax-qualified pension plans. Its investments are comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate.

Redemptions will only be made as of valuation dates and will be disbursed as soon as practical thereafter. Unless waived by the general partner, all written requests for redemptions must be received by the general partner not less than three months before the valuation date on which the redemption is desired, to be eligible for payment.
NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

Entrust Capital

The Plan is invested in EnTrust Capital Diversified Fund QP Ltd. (EnTrust), a company formed under the laws of the Cayman Islands. The objective of EnTrust is to seek above-average rates of return and long-term capital growth through an investment in EnTrust Capital Diversified Fund Ltd., a fund of funds with a diversified portfolio of private investment entities and/or separately managed accounts managed by investment managers selected by the adviser. The adviser is EnTrust Partners Offshore LLC, a limited liability company organized under the laws of the State of Delaware, and registered with the U.S. Securities and Exchange Commission.

The Plan shall have the right to redeem shares having a value of up to a maximum of 50% of the net asset value of their shares, as of the close of business on the last business day of any calendar quarter, or any other date determined by the board in its sole discretion ("Redemption Date") after the expiration of an initial 12-month lock-up period (the "Lock-Up Period"), provided, however, that the board shall permit a shareholder to redeem shares on a Redemption Date during the Lock-Up Period subject to a redemption charge equal to 3% of the amount sought to be redeemed.

U.S. Real Estate Investment Fund, LLC

U.S. Real Estate Investment Fund, LLC (the "Fund") is a limited liability company organized under the laws of the State of Delaware. The Fund's investment objectives are to invest in a pool of real estate assets that are diversified by geography and property type, with a focus on yield-driven investment and, to a lesser extent, on value-added investments. The manager of the Fund is Intercontinental Real Estate Corporation.

The Plan may request redemption of its investment at any time after the later of (i) the first anniversary of the initial closing (Oct 1, 2016), and (ii) the date upon which the net asset value first exceeds $200 million by providing written notice to the Fund manager.

NOTE 10 – ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th>Professional fees:</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>$286,779</td>
<td>$103,391</td>
</tr>
<tr>
<td>Third party administrator</td>
<td>171,105</td>
<td>170,960</td>
</tr>
<tr>
<td>Actuary and consultant</td>
<td>60,850</td>
<td>51,066</td>
</tr>
<tr>
<td>Auditing</td>
<td>18,000</td>
<td>18,000</td>
</tr>
<tr>
<td>Pension Benefit Guaranty Corporation</td>
<td>53,919</td>
<td>53,894</td>
</tr>
<tr>
<td>Insurance</td>
<td>31,907</td>
<td>38,743</td>
</tr>
<tr>
<td>Bank fees</td>
<td>4,338</td>
<td>3,763</td>
</tr>
<tr>
<td>Stationery, printing and office</td>
<td>3,814</td>
<td>6,840</td>
</tr>
<tr>
<td>Postage</td>
<td>2,068</td>
<td>482</td>
</tr>
<tr>
<td>Meetings and educational conferences</td>
<td>1,173</td>
<td>5,360</td>
</tr>
<tr>
<td><strong>Total Administrative Expenses</strong></td>
<td><strong>$633,953</strong></td>
<td><strong>$452,499</strong></td>
</tr>
</tbody>
</table>