

**UNITED DOMESTIC WORKERS AFSCME 3930
SAN DIEGO HEALTH & BENEFITS TRUST FUND**

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

**UNITED DOMESTIC WORKERS AFSCME 3930
SAN DIEGO HEALTH & BENEFIT TRUST FUND**

TABLE OF CONTENTS

December 31, 2020

	<u>Page</u>
Independent Auditor's Report	1
Statements of Net Assets Available for Benefits.....	3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5



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Independent Auditor's Report

To the Trustees of the
United Domestic Workers AFSCME 3930
San Diego Health & Benefits Trust Fund
San Diego, California

Opinion

We have audited the financial statements of the United Domestic Workers AFSCME 3930 San Diego Health & Benefits Trust Fund (Plan), which comprise the statements of net assets available for benefits as of December 31, 2020 and 2019, and the related statement of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 2020 and 2019, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
April 9, 2021

**UNITED DOMESTIC WORKERS AFSCME 3930 SAN DIEGO HEALTH &
BENEFITS TRUST FUND
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2020
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019**

ASSETS	<u>2020</u>	<u>2019</u>
Cash and investments	<u>\$ 8,802,887</u>	<u>\$ 8,098,453</u>
Total Assets	<u>8,802,887</u>	<u>8,098,453</u>
 LIABILITIES		
Accrued expenses	120	48,221
County contributions paid in advance	<u>2,076,640</u>	<u>1,875,646</u>
Total Liabilities	<u>2,076,760</u>	<u>1,923,867</u>
 NET ASSETS AVAILABLE FOR BENEFITS	 <u><u>\$ 6,726,127</u></u>	 <u><u>\$ 6,174,586</u></u>

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

**UNITED DOMESTIC WORKERS AFSCME 3930 SAN DIEGO HEALTH &
BENEFITS TRUST FUND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019**

	2020	2019
ADDITIONS:		
Contributions		
County authority	\$ 24,310,311	\$ 22,072,903
Participants	1,016,020	929,513
Total contributions	25,326,331	23,002,416
Investment income		
Interest	3,708	-
Total Additions	25,330,039	23,002,416
DEDUCTIONS:		
Insurance premiums		
Health care premiums	23,584,539	20,447,253
Dental premiums	643,791	591,191
Life insurance premiums	539,885	388,144
Total insurance premiums	24,768,215	21,426,588
Administrative expenses	10,283	5,016
Total deductions	24,778,498	21,431,604
Change in net assets	551,541	1,570,812
Beginning net assets balance	6,174,586	4,603,774
Ending net assets balance	\$ 6,726,127	\$ 6,174,586

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

**UNITED DOMESTIC WORKERS AFSCME 3930
SAN DIEGO HEALTH & BENEFITS TRUST FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – PLAN DESCRIPTION

The following description of the United Domestic Workers AFSCME 3930 San Diego Health & Benefits Trust Fund (Plan) provides only general information. Participants should refer to the Plan's Trust Agreement for a complete description of the Plan's provisions.

General

The Plan is a tax-exempt organization established by the AFSCME 3930 United Domestic Workers of America, AFL-CIO (UDW), sponsor, for the sole purpose of providing health benefits to active, eligible providers of the San Diego County In Home Supportive Services (IHSS) Public Authority (Authority) represented under a collective bargaining agreement by UDW. The Plan engages the services of a third-party insurance administrator (Plan Administrator) to manage the day to day functions of the Plan, which include, but are not limited to, the full carrier negotiation, and Plan and participant administration. As of December 31, 2020, and 2019, the Plan had approximately 3,330 and 2600 participants. respectively.

Benefits

The Plan provides medical, life insurance, and dental benefits to all eligible providers (subject to a waitlist), who work 80 hours per month for three consecutive months. Covered participants are required to maintain a minimum of 240 hours worked per quarter. The Plan was established to help offset the economic effects arising from an injury or sickness for covered participants only. Life insurance is provided by MetLife. Current health claims of active participants are provided under group insurance contract with Kaiser Permanente, SIMNSA Health Plan, and Dental Health Services of America. Coverage under this Plan shall terminate on the earliest of the following: the date the Plan is terminated for all covered participants; the date a required contribution, if any, is overdue by 10 days when the covered participant fails to make the contribution for any reason; with regard to a specific benefit, on the date of the benefit is terminated or deleted from the Plan; or complete their probation quarter with less than 240 hours or following the date a provider does not work the required number of hours to be considered an eligible provider, for any reason. A provider who has ceased to be eligible for coverage may qualify for reinstatement when they have been paid for 80 hours a month for three consecutive months (subject to a waitlist). Benefits under this plan offer continuation of coverage, or COBRA continuation coverage, only when the qualifying event is the end of employment; reduction of hours of employment; or death of a provider. An individual may be eligible for COBRA continuation coverage if on the day before a qualifying event, the individual was covered under the IHSS group health plan.

Funding Policy

As of January 2018, the funding policy for the Trust is set at a variable rate of \$.60 per paid hour of IHSS labor performed by UDW providers. Participants can elect medical coverage under Kaiser Permanente or SIMNSA Health Plans. Enrolled participants contribute \$5 per month for medical benefits for the SIMNSA Plan. Enrolled participants contribute \$30 per month for medical benefits under the Kaiser Permanente Health Plan. The Plan provides dental health benefits at no copay under Dental Health Services and life insurance at no copay under MetLife. The Plan provides basic life, dependent life and accidental death and dismemberment totaling \$3,000 for each covered individual.

**UNITED DOMESTIC WORKERS AFSCME 3930
SAN DIEGO HEALTH & BENEFITS TRUST FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – PLAN DESCRIPTION (CONTINUED)

Funding Policy (Continued)

Contributions are collected through payroll deductions collected by the State of California (the payroll agent for the IHSS individual providers) and transmitted to the Plan. Participant voluntary contributions shall continue for the term of employment and determined upon the eligibility status of participants' hours worked.

Other

Although it has not expressed any intention to do so, the Board of Trustees has the right under the Plan to modify the benefits provided to active participants and to terminate the Plan subject to the provisions set forth in the Trust Agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management Review

Subsequent events were evaluated through April 9, 2021, which is the date the financial statements were available to be issued.

Basis of Accounting

Accrual basis of accounting has been used in the preparation of these financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Certain Significant Estimates

These include accruals based on historical performance, contingent liabilities, and valuation of assets, accounts receivable, and accounts payable.

Cash and Cash Equivalents

The Plan considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of December 31, 2020, and 2019, the Benefit Trust Fund holds no investments, and the cash is maintained at various banks.

**UNITED DOMESTIC WORKERS AFSCME 3930
SAN DIEGO HEALTH & BENEFITS TRUST FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 – ADMINISTRATIVE EXPENSES

The administrative expenses charged directly to the Plan consist of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Audit fees	\$ 1,460	\$ 4,925
Insurance	8,407	-
Bank service charges	416	91
Total administrative expenses	<u>\$ 10,283</u>	<u>\$ 5,016</u>

NOTE 4 – CONTRIBUTED SERVICES

Plan Trustees and employees of the Plan sponsor have donated time to the Plan to help the Plan achieve its purpose and develop programs. No amounts have been recognized in the accompanying statement of activities and changes in net assets because these services do not meet the criteria for recognition as contributed services.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Plan maintains cash balances at California Bank and Trust, Amalgamated Bank, and First Citizens Bank. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC Insured) up to \$250,000 each. As of December 31, 2020, and 2019, the uninsured balance at these institutions totaled \$8,393,291 and \$7,348,491. The Plan believes it is not exposed to any significant credit risk on its cash balances and has not experienced any losses in such accounts.

NOTE 6 – TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated January 10, 2012, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code, Section 501(c)(9) and FTB Revenue and Taxation Code Section 23701 (i); therefore, no provision for income taxes has been included in the Plan's financial statements.