ALASKA SC-SE SHEET METAL WORKERS JOINT APPRENTICESHIP AND TRAINING COMMITTEE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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ALASKA SC-SE SHEET METAL WORKERS JOINT APPRENTICESHIP AND TRAINING COMMITTEE
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT	**1**
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS	**3**
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	**4**
NOTES TO FINANCIAL STATEMENTS	**5**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Alaska SC-SE Sheet Metal Workers Joint
Apprenticeship and Training Committee
Anchorage, Alaska

We have audited the accompanying financial statements of Alaska SC-SE Sheet Metal Workers Joint Apprenticeship and Training Committee (the Plan), which comprise the statements of net assets available for benefits as of June 30, 2020 and 2019, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

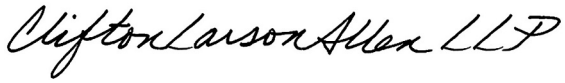
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, the net assets available for benefits of the Plan as of June 30, 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.



CliftonLarsonAllen LLP

Bellevue, Washington
April 12, 2021

ALASKA SC-SE SHEET METAL WORKERS JOINT APPRENTICESHIP AND TRAINING COMMITTEE
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
INVESTMENTS (at Fair Value)		
Short-Term Funds	$ 300,000	$ 400,000
RECEIVABLES		
Employer Contributions	28,787	34,402
Total Receivables	28,787	34,402
CASH	316,746	161,898
PROPERTY AND EQUIPMENT (at Cost)		
Land	220,000	220,000
Buildings and Improvements	1,469,948	1,468,471
School Equipment	316,534	324,462
Furniture and Fixtures	19,562	25,406
Total Property and Equipment	2,026,044	2,038,339
Less: Accumulated Depreciation	(530,248)	(489,342)
Total Property and Equipment (at Depreciated Cost)	1,495,796	1,548,997
DEPOSITS	800	800
Total Assets	2,142,129	2,146,097
LIABILITIES		
PAYROLL LIABILITIES	6,121	12,552
ACCOUNTS PAYABLE	3,662	1,785
Total Liabilities	9,783	14,337
NET ASSETS AVAILABLE FOR BENEFITS	$ 2,132,346	$ 2,131,760

See accompanying Notes to Financial Statements.

ALASKA SC-SE SHEET METAL WORKERS JOINT APPRENTICESHIP AND TRAINING COMMITTEE
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
ADDITIONS:		
Employer Contributions	$ 336,967	$ 350,811
Grant Revenue	139,602	153,060
Interest Income	11,581	8,336
Rental Income	9,460	10,320
Other	1,402	29,873
Total Additions	499,012	552,400
DEDUCTIONS:		
Salaries	214,706	171,482
Employee Benefits	103,484	86,737
Repairs and Maintenance	2,144	1,557
Class Materials and Supplies	22,790	12,410
Welding	8,326	9,888
Screening	486	302
Depreciation	59,611	57,602
Travel Expense	4,648	8,841
Payroll Taxes	17,918	14,448
Utilities	18,188	21,914
Telephone	7,100	7,195
Auto Expense	-	71
Professional Development	271	5,003
Insurance	20,425	18,468
Printing, Office Supplies, and Postage	7,550	6,932
Audit Fee	9,402	9,001
IT Support	1,377	2,004
Total Deductions	498,426	433,855
NET INCREASE	586	118,545
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of Year	2,131,760	2,013,215
End of Year	$ 2,132,346	$ 2,131,760

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF PLAN

The following description of the Alaska SC-SE Sheet Metal Workers Joint Apprenticeship and Training Committee (the Plan) provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General

The Plan provides apprenticeship and training programs for employees in the construction and related industries.

It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Funding

Alaska SC-SE Sheet Metal Workers Joint Apprenticeship and Training Committee (the Committee) was established on September 8, 1973, under an agreement between the Sheet Metal Workers' International Association, Sheet Metal Workers Local Union No. 23 (the Local), and the Alaska Mechanical Contractors' Association, Inc. The agreement provides, among other provisions, for employers who are signatories to a labor agreement with the union to contribute monthly to the fund at an hourly rate established by collective bargaining. The agreement provides for training and education for qualified applicants in the sheet metal worker industry as specified in the agreement.

The Plan also receives a grant from the state of Alaska to offset expenses related to educational cost.

Administration

The Plan is administered by the Board of Trustees consisting of three trustees representing the employers and three trustees representing the employees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements have been prepared on the accrual basis of accounting.

Contributions

Contributions from employers are accrued based on reported hours worked during the year by covered employees.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Plan management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could vary from the estimates that were used.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Plan's Board of Trustees determines the Plan's valuation policies utilizing information provided by the investment adviser and custodian. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Investment 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.

Property and Equipment

Property and equipment are recorded at cost and depreciation is computed using the straight-line method with the following useful lives.

Buildings and Improvements	5 – 40 Years
School Equipment	5 – 20 Years
Trucks and Equipment	5 Years
Furniture and Fixtures	5 – 8 Years

Depreciation expense was $59,611 and $57,602 for the years ended June 30, 2020 and 2019, respectively.

Concentration of Credit Risk

The Plan maintains its cash in high credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times such cash balances may be in excess of the insurance limit. The Plan has certificates of deposit with financial institutions that are also insured by the FDIC. These are shown as short-term investments on the statement of net assets.

Subsequent Events

The Plan has evaluated subsequent events through April 12, 2021, the date the financial statements were available to be issued.

NOTE 3 MULTIEMPLOYER PENSION PLAN

The Plan contributes to two multiemployer pension plans. The Plans cover all of the Plan's union employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer pension plan by one employer may be used to provide benefits of employees of other participating employers.

NOTE 3 MULTIEMPLOYER PENSION PLAN (CONTINUED)

- If a participating employer stops contributing to the pension plan, the unfunded obligations of the pension plan may be borne by the remaining participating employers.
- If the Plan chooses to stop participating in its multiemployer pension plan, the Plan may be required to pay the pension plan an amount based on the underfunded status of the pension plan, referred to as a withdrawal liability.

The Plan's participation in these pension plans for the years ended June 30, 2020 and 2019, is outlined in the tables below. The Employer Identification Number (EIN) "EIN/Pension Plan Number" column provides the EIN and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available is for the pension plan's year-end as of June 30, 2020 and 2019. The zone status is based on information that the Plan received from the pension plan and is certified by the pension plan's actuary. Among other factors, plans in the red zone (critical status) are generally less than 65% funded. Plans in the yellow zone (endangered status) are (1) less than 80% funded or (2) the plan has an accumulated funding deficiency (the credit balance has been exhausted) in the current plan year or is expected to have a deficiency in any of the next six plan years (taking into consideration any amortization extensions). Plans in the orange zone (seriously endangered status) have met both yellow zone conditions. Plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a funding improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective bargaining agreements (CBAs) to which the plans are subject.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2020	Pension Protection Act Zone Status 2019	FIP/RP Status Pending/ Implemented
Sheet Metal Workers' National Pension Fund	52-6112463	Red	Red	Yes
Northwest Sheet Metal Workers Pension Fund	91-6061344	Green	Green	No

Pension Fund	Employer Contributions 2020	Employer Contributions 2019	Surcharge Imposed	Expiration	
Sheet Metal Workers' National Pension Fund	$ 6,339	$ 4,391	Yes	N/A	*
Northwest Sheet Metal Workers Pension Fund	41,287	25,476	No	N/A	*

* The Plan participates in the above pension plan pursuant to an open-ended compliance agreement which allows participation based on the rates negotiated with the employers in the CBA. The Plan was not listed in the above pension plan's Form 5500 as providing more than 5% of the total contributions for the year ended June 30, 2020.

NOTE 4 TAX STATUS

The Trust established under the Plan to hold the Plan's assets is intended to qualify pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, the Trust's net investment income is exempt from income taxes. The Plan has obtained a favorable determination letter dated September 10, 1972 from the Internal Revenue Service (IRS) and the Plan sponsor believes that the Plan, as amended, continues to qualify and to operate in accordance with applicable provisions 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 (or asset) 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 5 FAIR VALUE OF INVESTMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy 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 other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- 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 market value measurement.

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

NOTE 5 FAIR VALUE OF INVESTMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at June 30, 2020 and 2019.

Short-Term Funds: Consist of certificates of deposit valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available for the issuer of the securities. Cost approximates fair value.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30:

	2020			
	Level 1	Level 2	Level 3	Total
Short-Term Funds	$ -	$ 300,000	$ -	$ 300,000
Total Investment Assets at Fair Value	$ -	$ 300,000	$ -	$ 300,000

	2019			
	Level 1	Level 2	Level 3	Total
Short-Term Funds	$ -	$ 400,000	$ -	$ 400,000
Total Investment Assets at Fair Value	$ -	$ 400,000	$ -	$ 400,000

NOTE 6 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 the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets.

NOTE 7 PLAN TERMINATION

Although they have not expressed any intent to do so, the Board of Trustees has the right under the Plan to terminate the Plan. Any and all monies remaining in the Plan will be used for the continuance of one or more of the apprenticeship, training, or retraining programs until such monies have been exhausted.

NOTE 8 RELATED PARTY TRANSACTIONS

Commencing September 1, 2016, the Sheet Metal Workers Building Association (SMWBA) entered into a 20-year lease agreement with the Plan, to rent the office space for the Sheet Metal Workers Local 23 from the Plan at a monthly rent of $860.

The following is a schedule by years of the future minimum rental income required under the lease with SMWBA.

Year Ending June 30,	Amount
2021	$ 10,320
2022	10,320
2023	10,320
2024	10,320
2025	10,320
Thereafter	95,460
Total	$ 147,060

NOTE 9 GRANTS

The Plan has an annual State Training and Employment Program (STEP) grant agreement with the Alaska Department of Labor and Workforce Development, Division of Business Partnerships. The purpose of the grant is to offset costs to the Plan for providing industry specific training. The grant requires the Plan to maintain files for each eligible participant. STEP grant income was $139,602 and $153,060 for the years ended June 30, 2020 and 2019, respectively.