

**OUTSTATE MICHIGAN TROWEL TRADES
PENSION FUND**

Lansing, Michigan

FINANCIAL STATEMENTS

December 31, 2022

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John M. Grace, CPA
Bryan D. Stulz, CPA
George Benda, CPA
(1941-2007)



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Outstate Michigan Trowel Trades Pension Fund
6525 Centurion Drive
Lansing, MI 48917

Gentlemen:

Opinion

We have audited the accompanying financial statements of Outstate Michigan Trowel Trades Pension Fund, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statement of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the years then ended, the statement of accumulated plan benefits as of December 31, 2021 and 2020, the related statement of changes in accumulated plan 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 net assets available for benefits of Outstate Michigan Trowel Trades Pension Fund as of December 31, 2022 and 2021, and the changes in its net assets available for benefits for the years then ended, and the accumulated plan benefits as of December 31, 2021 and 2020, and changes in its accumulated plan 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 Outstate Michigan Trowel Trades Pension Fund 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 Outstate Michigan Trowel Trades Pension Fund's ability to continue as a going concern for one year after the date 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 fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Outstate Michigan Trowel Trades Pension Fund'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 Outstate Michigan Trowel Trades Pension Fund'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.

Bender, Gura, Stel & Company, P.C.

Sterling Heights, Michigan
September 6, 2023

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2022	2021
<u>ASSETS</u>		
Investments at fair value (Notes B, D and E):		
Common stocks	\$ 1,928,074	\$ 2,212,383
Real estate funds	9,104,212	8,681,061
Common collective trusts	32,562,112	39,947,339
Mutual funds	11,102,587	15,784,849
Hedge fund of funds	2,020,849	2,637,905
Limited partnerships (Note F)	15,140,455	14,048,951
	<u>71,858,289</u>	<u>83,312,488</u>
Receivables:		
Employer contributions (Note B)	218,310	235,198
Accrued interest and dividends	3,056	67,271
Unsettled investment transactions	1,261,133	-
Other	100	231
	<u>1,482,599</u>	<u>302,700</u>
Other assets:		
Prepaid expenses	15,267	16,770
Unexpired insurance premiums	6,593	7,480
Cash	805,924	802,613
	<u>827,784</u>	<u>826,863</u>
Total other assets	<u>827,784</u>	<u>826,863</u>
Total assets	<u>74,168,672</u>	<u>84,442,051</u>
<u>LIABILITIES</u>		
Accounts payable	61,801	71,263
Employer net variances	110,968	25,959
Unsettled investment transactions	3,977	-
	<u>176,746</u>	<u>97,222</u>
Total liabilities	<u>176,746</u>	<u>97,222</u>
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>	<u>\$ 73,991,926</u>	<u>\$ 84,344,829</u>

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

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Years ended December 31,	
	2022	2021
<u>ADDITIONS</u>		
Net investment income (loss) (Note G)	\$ (8,302,584)	\$ 9,559,339
Employer contributions	3,490,177	3,613,569
Employer withdrawal assessment	25,553	76,659
Liquidated damages collected	561	1,450
	(4,786,293)	13,251,017
Total additions		
<u>DEDUCTIONS</u>		
Benefit payments	5,342,208	5,054,305
Administrative expenses:		
Administrative manager's fees	57,069	56,704
Premiums paid Pension Benefit		
Guaranty Corporation	42,752	41,850
Actuarial fees	23,000	24,950
Audit fee	19,150	18,550
Trustee and fiduciary liability		
insurance and bonding	16,635	16,503
Printing and miscellaneous	14,264	10,469
Payroll audit fees	9,750	12,288
Lockbox and bank service charges	9,611	11,034
Member communications	8,130	7,720
Legal fees	7,143	4,359
Trustee meeting expense	5,118	5,340
Education and affiliation dues	4,978	5,257
Legal fees - collection	2,677	4,244
Conference and meetings	2,125	4,335
Form 5500 preparation	2,000	2,000
	224,402	225,603
Total administrative expenses		
Total deductions	5,566,610	5,279,908
<u>NET INCREASE (DECREASE)</u>	(10,352,903)	7,971,109
<u>NET ASSETS AVAILABLE FOR BENEFITS</u>		
Beginning of year	84,344,829	76,373,720
End of year	\$ 73,991,926	\$ 84,344,829

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

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

STATEMENT OF ACCUMULATED PLAN BENEFITS

	December 31,	
	2021	2020
<u>ACTUARIAL PRESENT VALUE OF</u>		
<u>ACCUMULATED PLAN BENEFITS</u>		
Vested benefits:		
Participants currently receiving payments	\$ 49,934,232	\$ 45,130,154
Expenses on participants currently receiving benefits	2,247,040	2,143,682
Other participants	35,852,409	36,078,734
Expenses on other participants	1,613,358	1,713,740
	<u>89,647,039</u>	<u>85,066,310</u>
Nonvested benefits:		
Nonvested accumulated benefits	2,382,671	2,231,087
Expenses on nonvested benefits	107,220	105,977
	<u>2,489,891</u>	<u>2,337,064</u>
<u>TOTAL ACTUARIAL PRESENT VALUE OF</u>		
<u>ACCUMULATED PLAN BENEFITS</u>	<u>\$ 92,136,930</u>	<u>\$ 87,403,374</u>

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

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND
STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS

	December 31,	
	2021	2020
<u>ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT BEGINNING OF YEAR</u>	\$ 87,403,374	\$ 85,279,553
Increase (decrease) during the period attributable to:		
Change in actuarial assumptions	1,421,780	(345,136)
Benefits accumulated and actuarial experience gain or loss	1,817,923	1,051,420
Interest due to decrease in discount period	6,773,761	6,609,165
Benefits paid	(5,054,305)	(4,949,689)
Operational expenses paid	(225,603)	(241,939)
Net increase	4,733,556	2,123,821
<u>ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT END OF YEAR</u>	\$ 92,136,930	\$ 87,403,374

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

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

NOTES TO FINANCIAL STATEMENTS

Note A: **Description of the Plan**

The following brief description of the Outstate Michigan Trowel Trades Pension Fund, as in effect on December 31, 2022, is provided for general purposes only. For more complete information, refer to the amended and restated plan document.

1. General – The Pension Fund was established effective January 1, 1972 as a result of collective bargaining. The Plan is a defined benefit pension plan covering all employees working under collective bargaining agreements which require contributions to the Fund. It is a multi-employer fund subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.
2. Retirement Benefits – Information about the plan, the vesting, and the benefit provisions is contained in the Summary Plan Description. Copies are available at the offices of each participating Local Union or the Fund office.

Note B: **Summary of Significant Accounting Policies**

1. Basis of Accounting – The accounting records of the plan are maintained on the accrual basis of accounting. Contributions received subsequent to December 31, 2022, attributed to hours worked prior to January 1, 2023, have been reflected as contributions due from employers as of December 31, 2022, in accordance with the consistent policy of the Fund.
2. Use of Estimates – The preparation of financial statements in accordance with accounting principles general accepted in the United States of America requires administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure 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 results could differ from those estimates.
3. 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 D 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.

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Note B: Summary of Significant Accounting Policies (Continued)

4. Actuarial Present Value of Accumulated Plan Benefits – Accumulated Plan benefits are those those future periodic payments, including lump-sum distributions, that are attributable, under the Plan provisions, to the service participants have rendered. Accumulated Plan benefits include benefits expected to be paid to (a) retired or terminated participants or their beneficiaries, (b) beneficiaries of participants who have died and (c) present participants or their beneficiaries. Benefits under the plan are based on participants' service credit. The accumulated plan benefits for active participants are based on their service credit on the date as of which the benefit information is presented December 31, 2021 and 2020. Benefits payable under all circumstances (retirement, death, disability and termination of employment) are included, to the extent they are deemed attributable to participants' service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits is determined by an actuary from United Actuarial Services, Inc. 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 for death, disability, withdrawals or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of December 31, 2021 and 2020 were (a) life expectancy of participants (The PRI-2012 Blue Collar Mortality Tables for employees and healthy annuitants projected forward using the MP-2021 projection scale. For male annuitants, A 105% multiplier and for female annuitants, a 95% multiplier) was used for 2021 and (The PRI-2012 Blue Collar Mortality Tables for employees and healthy annuitants projected forward using the MP-2020 projection scale. For male annuitants, A 100% multiplier and for female annuitants, a 95% multiplier) was used for 2020, (b) retirement age assumptions (the assumed average retirement age is based on a graduated scale depending on retirement probabilities) and (c) investment return. The 2021 and 2020 valuations included the assumed average rate of return of 7.50% and 7.75%, respectively. The administrative expenses associated with providing benefits were assumed at \$240,000 for 2021 and 2020. The foregoing 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 present value of accumulated plan benefits.

Note C: Funding Policy

Contributions are obtained directly from participating employers. These contributions are based on hours worked by plan participants and at hourly rates specified in the collective bargaining agreements. The contributions received for the years ended December 31, 2022 and 2021 exceeded the minimum funding requirements of ERISA.

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Note D: Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides a 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. These level 3 fair value measurements are based primarily on management's own estimates, using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the assets. Significant level 3 inputs include information provided by fund managers, third-party appraisals, year-end audited financial statements, projected discounted cash flows, and net asset value with adjustments related to certain restrictions. Management assesses the valuation of these investments through the engagement of a third-party investment advisor and periodic meetings to review these investments.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Fund's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factor specific to each asset.

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note D: Fair Value Measurements (Continued)

The following valuation methodologies have been used to value the Fund's investments:

Mutual funds – Mutual funds are valued at closing quoted prices reported in active markets.

Common collective trust funds – Common collective trust funds are valued at net asset value per shares (or its equivalent) of the funds, which is based on the fair value of the Fund's underlying net assets.

Limited partnerships – Limited partnerships are valued based on the Fund's percentage ownership of the net assets of each entity or at net asset value per share (or its equivalent) based on audited investee financial statements, with adjustments to account for partnership activity and other applicable valuation adjustments, where applicable.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to estimate fair value could result in a different fair value measurement at the reporting date.

Real estate funds– Real estate is valued at market data approach, then computing properties for sale and current market conditions.

Money market funds – Money market funds are valued at closing quoted prices reported in active markets.

Hedge fund of funds – Hedge fund of funds are valued at net assets value per share (or its equivalent) of the Hedge funds which is based on the fair value of Hedge funds underlying net asset.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to estimate fair value could result in a different fair value measurement at the reporting date.

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note D: Fair Value Measurements (Continued)

The following table sets forth by level, the fair value hierarchy, the Plan's assets at fair value as of:

Fair Value Measurement at December 31, 2022

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stocks	\$ 1,928,074	\$ 1,928,074	\$ -	\$ -
Real estate investment funds	9,104,212	-	9,104,212	-
Mutual funds	<u>11,102,587</u>	<u>11,102,587</u>	<u>-</u>	<u>-</u>
	22,134,873	<u>\$ 13,030,661</u>	<u>\$ 9,104,212</u>	<u>\$ -</u>
Investment measured at NAV:				
Common collective trusts	32,562,112			
Hedge fund of funds	2,020,849			
Limited partnerships	<u>15,140,455</u>			
Total	<u>\$ 71,858,289</u>			

Fair Value Measurement at December 31, 2021

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stocks	\$ 2,212,383	\$ 2,212,383	\$ -	\$ -
Real estate investment funds	8,681,061	-	8,681,061	-
Mutual funds	<u>15,784,849</u>	<u>15,784,849</u>	<u>-</u>	<u>-</u>
	26,678,293	<u>\$ 17,997,232</u>	<u>\$ 8,681,061</u>	<u>\$ -</u>
Investment measured at NAV:				
Common collective trusts	39,947,339			
Hedge fund of funds	2,637,905			
Limited partnerships	<u>14,048,951</u>			
Total	<u>\$ 83,312,488</u>			

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note D: Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption limitations of those investments are as follows:

	Fair Value		Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
	December 31, 2022	2021			
Common collective trust:					
Short Term Investment Fund	\$ 243,304	\$ 537,679	\$ -	Daily	N/A
N.T. Collective All Country World Ex-US Fund-Lending	10,372,689	12,268,883	-	Daily	N/A
N.T. Collective Russell 3000 Index Fund-Lending	21,946,119	27,140,777	-	Daily	N/A
Hedge fund of funds:					
Entrust Capital Diversified Fund, Ltd	235,457	240,294			
Entrust Special Opportunities Fund III, Ltd	1,785,392	2,397,611			
Limited Partnerships:					
Goldan Sachs Vintage VI Manager, L.P.	699,104	989,382	450,056	Quarterly	N/A
McMorgan Infrastructure Fund I, L.P.	4,270,519	3,929,245	-	Quarterly	N/A
International Fund, L.P.	1,983,545	2,512,323	-	Quarterly	N/A
RCP Multi Strategy Cayman Feeder, L.P.	1,252,895	207,286	-	Quarterly	N/A
IFM Global Infrastructure (US), L.P.	6,934,392	6,410,715	-	Quarterly	N/A
	<u>\$ 49,723,416</u>	<u>\$ 56,634,195</u>	<u>\$ 450,056</u>		

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note E: Investments

The Plan's investments are held by the trust department of Comerica Bank as custodian and managed by several investment management companies.

During the Plan years ended December 31, 2022, and 2021, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value by \$(9,166,581) and \$9,072,565, respectively.

	Years ended December 31,	
	2022	2021
Net appreciation (depreciation) in fair value:		
Common stocks	\$ (52,397)	\$ 1,115,591
Real estate funds	423,156	1,509,772
Common collective trusts	(7,090,851)	(760,804)
Mutual funds	(2,406,077)	(318,428)
Hedge fund of funds	(257,172)	1,618,817
Limited partnerships (Note F)	216,760	5,907,617
	\$ (9,166,581)	\$ 9,072,565

The following is a comparison of cost to market value of investments other than cash at December 31, 2022:

	Market Value	Cost	Market Value Over (Under)
Common stocks	\$ 1,928,074	\$ 1,751,329	\$ 176,745
Real estate funds	9,104,212	5,702,024	3,402,188
Common collective trusts	32,562,112	37,660,439	(5,098,327)
Mutual funds	11,102,587	12,919,364	(1,816,777)
Hedge fund of funds	2,020,849	1,884,653	136,196
Limited partnerships (Note F)	15,140,455	10,152,689	4,987,766
	\$ 71,858,289	\$ 70,070,498	\$ 1,787,791

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note F: Investments in Limited Partnerships

The Plan's investments include ownership interests in Limited Partnerships as follows:

Vintage VI Mgr, L.P.

The Plan has invested in this Limited Partnership and holds an ownership interest proportionate to the ratio of its capital contribution to total capital contributed by all partners.

The Limited Partnership invests in pooled investment vehicles that invest both domestically and internationally across all sectors of the private equity market.

The methodology by which gains and losses, net of expenses of the partnership are to be allocated is as follows:

- a) Net gain - Net profits shall be first allocated to the General Partner if net losses were allocated to the general partner pursuant to Note F(b) below with respect to the non-allocable net loss of the limited partners, until the cumulative amount of net profits allocated to the general partner pursuant to this Note F(a) for the then current and all previous accounting periods is equal to the cumulative amount of net losses allocated to the general partner pursuant to Note F(b) with respect to the non-allocable net loss of the limited partners for all previous accounting periods.
- b) Net loss - Net losses, if any, for an accounting period shall be allocated to the Partners in proportion to their respective percentage interest as of the first day of that accounting period except that, to the extent that such an allocation of net losses to a limited partner would result in such limited partner having an adjusted capital account deficit at the end of any accounting period, such allocation of net losses (the "non-allocable net loss") shall not be made but instead the non-allocable net loss shall be reallocated to the general partner. In the event any limited partner has an adjusted capital account deficit at the end of any fiscal year, such limited partner shall be specially allocated items of partnership income and gain in the amount of such excess as soon as practicable.

McMorgan Infra Structure Fund I, L.P.

The Plan has invested in this Limited Partnership and holds an ownership interest proportionate to the ratio of its capital contribution to total capital contributed by all partners.

The Limited Partnership invests directly or indirectly through one or more subsidiaries, to (a) acquire, improve, maintain, own, operate, manage, finance, refinance, hold, divide, aggregate, grant options with respect to, sell, reposition, exchange and otherwise deal in and with Portfolio Investments, (b) acquire, hold and dispose of Interim Investments, and (c) engage in any other activities necessary, related or incidental thereto.

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Note F: Investments in Limited Partnerships (Continued)

McMorgan Infra Structure Fund I, L.P. (Continued)

The Partnership is a dedicated vehicle used to participate in the Global Strategic Investment Alliance (the “GSIA” or the “Alliance”) as a direct member of the Alliance. The GSIA is a co-investment program established by OMERS Strategic Investments Limited (“OMERS Strategic Investments”), an affiliate of OMERS Administration Corporation (“OMERS”), and others to bring together a limited number of sophisticated institutional investors to jointly invest up to \$20 billion large-scale infrastructure “Alpha Assets,” which are generally defined as large scale, capital-intensive assets with enterprise values in excess of \$2 billion. The GSIA intends to bring strategic and competitive advantages to Alliance Members through a substantial pool of institutional equity capital and an experienced asset originator and asset manager. All GSIA investments are identified, pursued and managed by Borealis Infrastructure Management, Inc. (“Borealis”), the infrastructure investment arm of OMERS, or its designated subsidiaries. Administrative support services to the GSIA are provided by Rosewater Global Limited, an affiliate of OMERS (the “Alliance Administrator”).

The methodology by which gains and losses, net of expenses of the partnership are to be allocated is as follows:

- a) Net gain - Net profits shall be first allocated to the General Partner if net losses were allocated to the general partner pursuant to Note F(b) below with respect to the non-allocable net loss of the limited partners, until the cumulative amount of net profits allocated to the general partner pursuant to this Note F(a) for the then current and all previous accounting periods is equal to the cumulative amount of net losses allocated to the general partner pursuant to Note F(b) with respect to the non-allocable net loss of the limited partners for all previous accounting periods.
- b) Net loss - Net losses, if any, for an accounting period shall be allocated to the Partners in proportion to their respective percentage interest as of the first day of that accounting period except that, to the extent that such an allocation of net losses to a limited partner would result in such limited partner having an adjusted capital account deficit at the end of any accounting period, such allocation of net losses (the “non-allocable net loss”) shall not be made but instead the non-allocable net loss shall be reallocated to the general partner. In the event any limited partner has an adjusted capital account deficit at the end of any fiscal year, such limited partner shall be specially allocated items of partnership income and gain in the amount of such excess as soon as practicable.

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note F: Investments in Limited Partnerships (Continued)

International Fund, LLC

The Plan has invested in this Limited Liability Company and holds an ownership interest proportionate to the ratio of its capital contribution to total capital contributed by all partners.

The Limited Liability Company invests in equity securities of companies headquartered outside the United States, including emerging markets.

The methodology by which gains and losses, net of expenses of the partnership are to be allocated is as follows:

- a) Net gain - Net profits shall be first allocated to the General Partner if net losses were allocated to the general partner pursuant to Note F(b) below with respect to the non-allocable net loss of the limited partners, until the cumulative amount of net profits allocated to the general partner pursuant to this Note F(a) for the then current and all previous accounting periods is equal to the cumulative amount of net losses allocated to the general partner pursuant to Note F(b) with respect to the non-allocable net loss of the limited partners for all previous accounting periods.
- b) Net loss - Net losses, if any, for an accounting period shall be allocated to the Partners in proportion to their respective percentage interest as of the first day of that accounting period except that, to the extent that such an allocation of net losses to a limited partner would result in such limited partner having an adjusted capital account deficit at the end of any accounting period, such allocation of net losses (the “non-allocable net loss”) shall not be made but instead the non-allocable net loss shall be reallocated to the general partner. In the event any limited partner has an adjusted capital account deficit at the end of any fiscal year, such limited partner shall be specially allocated items of partnership income and gain in the amount of such excess as soon as practicable.

Note G: Net Investment Income

Following is a summary of investment income for the years ended December 31,

	2022	2021
Investment income (loss)		
Interest and dividends	\$ 1,072,765	\$ 716,919
Class action settlement	1,527	3,533
Net appreciation (depreciation) in fair value of investments	(9,166,581)	9,072,565
	(8,092,289)	9,793,017
Less - investment expense	210,295	233,678
	\$ (8,302,584)	\$ 9,559,339

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

NOTES TO FINANCIAL STATEMENTS (Continued)

Note H: Plan Termination

In the event the Plan terminates, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, PBGC guarantees most vested normal age retirement benefits, early retirement benefits and certain disability and survivors' pension benefits. However, PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations.

Whether all participants receive their benefits should the Plan terminate at some 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.

Note I: Tax Status

The trust established under the Plan to hold the Plan's assets is qualified and exempt from income taxes, pursuant to Sections 401(a) and 501(a) respectively, of the Internal Revenue code. The Plan has obtained a favorable tax determination letter from the Internal Revenue Service and the Plan sponsor believes the Plan, as amended, continues to qualify and to operate as designed.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Fund and recognize a tax liability (or asset) if the Fund has taken an uncertain position that more likely than not would not be sustained upon examination by the taxing authorities. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note J: 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.

In addition to investments and cash equivalents, financial instruments which potentially subject the Plan to concentrations of credit risk consist principally of cash. The Plan places its cash with tier I financial institutions. At times, the amount of cash on deposit in banks may be in excess of the respective financial institution's FDIC insurance limit.

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note K: Reportable Transactions

The United States Department of Labor requires all transactions in excess of 5% of the current value of the Plan's net assets for non-participant-directed investments to be disclosed separately in the financial statements as a reportable transaction.

Note L: Party-in-Interest Transactions

Plan investments are held at Comerica Bank (the custodian). The transactions of the custodian qualify as party-in-interest transactions.

Fees paid during the year for legal, auditing, investment manager, investment advisor, and other professional services rendered by parties-in-interest were based on customary and reasonable rates for such services.

Note M: Employer Withdrawal Liability

The Fund complies with provisions of the Multi-Employer Pension Plan Amendments Act of 1980 that require imposition of "Withdrawal Liability" on a contributing employer that partially or totally withdraws from the Fund. The Fund uses the presumptive method, as described in ERISA 4211 (b), to allocate unfunded vested benefits to employers that withdraw. This is the method required by statute for use by construction industry plans.

During 2022 and 2021, The Fund recognized withdrawal liability income of \$25,553 and \$76,659, respectively.

Note N: Derivative Financial Instruments

The Board of Trustees has established an investment policy which permits the uses of derivative instruments by investment managers. The investment policy identifies the permissible uses of derivative instruments, and also expressly identifies those types of derivatives to be avoided. The Fund has entered into contractual arrangements classified as derivatives in carrying out its investment strategy, principally to hedge a portion of the Fund's portfolio to limit or minimize exposure to certain risks.

Note O: Subsequent Events

The date to which events occurring after December 31, 2022, the date of the most recent Statement of Net Assets Available for Benefits, have been evaluated for possible adjustments to the financial statements or disclosure is September 6, 2023, which is the date in which the financial statements were available to be issued.

Note P: Reclassifications

Certain amounts in the December 31, 2021, financial statements and related notes have been reclassified to conform with the December 31, 2022, financial statement presentation.

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND
SUPPLEMENTAL SCHEDULES



John M. Grace, CPA
Bryan D. Stulz, CPA
George Benda, CPA
(1941-2007)



**INDEPENDENT AUDITOR'S
REPORT ON SUPPLEMENTAL INFORMATION**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of assets held for investments and schedule of reportable transactions for the year ended December 31, 2022, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of 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 generally accepted auditing standards.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Benda, Grace, Stulz & Company, P.C.

Sterling Heights, Michigan
September 6, 2023

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT
EIN 38-6222545 Plan No. 001
December 31, 2022

Party-In-Interest	Identity of Issue, Borrower, Lessor, Or Similar Party	Description of Investments Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
COMMON STOCKS				
	Affiliated Managers Group Inc	Common stock	\$ 97,672	\$ 158,430
	Altice USA Inc	Common stock	302,707	78,200
	Artisan Partners Asset Mgmt Inc	Common stock	55,165	53,460
	Brown & Brown Inc	Common stock	29,183	79,758
	C H Robinson Worldwide Inc	Common stock	59,009	68,670
	Energizer HLDGS Inc	Common stock	59,018	71,763
	Enerpac Tool Group Corp	Common stock	66,200	73,805
	Franklin Res Inc	Common stock	64,604	73,864
	Hillenbrand Inc	Common stock	81,345	123,743
	IAA Spinco Inc	Common stock	49,390	56,000
	LPL Financial Hldgs Inc	Common stock	21,993	129,702
	Leslie S Inc	Common stock	44,590	45,177
	Molson Coors Brewing Co Cl B	Common stock	123,694	139,104
	Post Hldgs Inc	Common stock	68,334	112,825
	Stericycle Inc	Common stock	142,685	132,209
	Sysco	Common stock	20,590	53,515
	US Foods Hldgs Corp	Common stock	59,028	109,306
	Wiley John & Sons Inc Cl A	Common stock	74,846	64,096
	GFL Environmental Inc	Common stock	44,935	46,768
	Clarivate Analytics	Common stock	215,169	147,618
	Willis Towers Watson PLC	Common stock	71,172	110,061
	TOTAL COMMON STOCKS		<u>1,751,329</u>	<u>1,928,074</u>
LIMITED PARTNERSHIPS				
	Goldman Sachs	Vintage VI Mgr, L.P.	-	699,104
	McMorgan & Company	McMorgan Infrastructure Fund, I L.P.	2,058,585	4,270,519
	Winslow Capital Management, LLC	Internatioanl Fund, LLC	744,104	1,983,545
	RCP Advisors	RCP Multi-Strategy Cayman Feeder, L.P.	1,120,000	1,252,895
	IFM Investors Investment Co.	IFM Global Infrastructure(US), L.P.	6,200,000	6,934,392
	TOTAL LIMITED PARTNERSHIPS		<u>10,122,689</u>	<u>15,140,455</u>
REAL ESTATE FUNDS				
	Reef of America REIT II	Real Estate Investment Fund	<u>5,702,024</u>	<u>9,104,211</u>

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT
EIN 38-6222545 Plan No. 001
December 31, 2022

Party-In-Interest	Identity of Issue, Borrower, Lessor, Or Similar Party	Description of Investments Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
COMMON COLLECTIVE TRUSTS				
*	Comerica Bank	Goldman Sachs Financial Square Funds	243,304	243,304
*	Northern Trust	NT Collective All Counting World Index ex-US Invest Fund	12,338,282	10,372,689
*	Northern Trust	NT Collective Russel 3000 Index Fund-Lending	25,078,853	21,946,119
TOTAL COMMON COLLECTIVE TRUSTS			<u>37,660,439</u>	<u>32,562,112</u>
MUTUAL FUNDS				
	Baird	Aggregate Bond Fund	<u>12,919,364</u>	<u>11,102,587</u>
HEDGE FUNDS				
	Entrust Capital	Entrust Capital Diversified Fund Ltd	22,214	235,457
	Entrust Capital	Entrust Special Opportunities Fund III Ltd	1,862,439	1,785,392
TOTAL HEDGE FUNDS			<u>1,884,653</u>	<u>2,020,849</u>
TOTAL ASSETS HELD FOR INVESTMENT			<u>\$ 70,040,498</u>	<u>\$ 71,858,289</u>

OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND
 SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS
 EIN 38-6222545 Plan No. 001
 Year Ended December 31, 2022

Identity of Party Involved	Description of Asset (Include Rate of Return and Maturity in Case of Loan)	Purchase Price	Selling Price	Lease Rental	Expense Incurred with Transaction	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain or (Loss)
iii) SERIES OF TRANSACTIONS IN EXCESS OF 5% OF THE CURRENT VALUE OF PLAN ASSETS								
Comerica	Goldman Sachs FS Government Fund							
	109 Purchases	1,888,235				1,888,235	1,888,235	
	103 Sales		2,182,617			2,182,617	2,182,617	-

There were no reportable transactions under categories (i), (ii), and (iv).