

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

**Investment Valuation and Income Recognition** - The investments of the Fund are managed by independent investment managers. Investments are carried at fair value. The valuation for the United States Treasury, common stock and mutual funds are carried at fair value which generally represents quoted market prices or the net asset value of the fund as of the last business day of the year as provided by the custodian. Corporate obligations are valued using pricing models that maximize the use of observable inputs for similar securities, including yields, credit ratings and broker quotes, if available. The investments in common collective trusts and 103-12 investment entities are valued at their market value on the last business day of the year as established by the trusts. The limited partnerships and hedge funds of funds are carried at estimated fair value as determined by the investment manager. The hedge funds of funds are carried at estimated fair value as determined by the investment manager. Short-term investments are carried at cost which approximates fair value.

Hedge funds of funds, private equity fund of funds and limited partnerships are valued at prices which approximate fair value. The fair value of certain investments in the underlying funds, which include securities for which fair value may not be readily available, are determined in good faith by the respective underlying funds, all of which are subject to a third party annual audit. The estimated fair values may differ from the values that would have been used had a ready market existed for these investments, and the difference could be significant. Furthermore, some of these funds have various lock up periods and they are not immediately liquid investments.

The Fund is invested in and has a majority ownership interest in ALICO Services Corporation (the Company), a holding company incorporated in the State of New York. The Company is comprised of three subsidiaries: Amalgamated Life Insurance Company (ALICO), Amalgamated Employee Benefits Administrators, Inc., formerly Alicare, Inc., and Alicare Medical Management, Inc. The fair value of the Company is determined by an external valuation specialist. The Company's valuation is based on the Guideline Company Method (a form of the market approach) and the Discounted Cash Flow Method (a form of the income approach). The financial statements of the Company are audited annually by independent auditors.

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 Fund's gains and losses on investments bought and sold as well as held during the year.

**Employer and Withdrawal Liability Contributions Receivable** - Contributions to the Fund for benefits are made by employers, based on various methods, pursuant to collective bargaining agreements. Employer contributions are used to cover benefit and administrative expenses. Employer contributions receivable include receivables related to payroll audits conducted by the Fund to ensure that employers are remitting the correct amount of contributions in accordance with the applicable collective bargaining agreements. Allowance for uncollectible accounts is considered unnecessary and is not provided.