UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

IN RE:	)	**Chapter 11**
UNITED GILSONITE LABORATORIES, A PENNSYLVANIA CORPORATION,[1]	)	**Case No. 5:11-bk-02032 (RNO)**
REORGANIZED DEBTOR.	)	

ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS OF THE UNITED GILSONITE LABORATORIES ASBESTOS PERSONAL INJURY TRUST FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Alan B. Rich, the Trustee of the United Gilsonite Laboratories Asbestos Personal Injury Trust (the "UGL Trust"), created pursuant to the Modified First Amended Plan of Reorganization of United Gilsonite Laboratories Under Chapter 11 of the Bankruptcy Code dated as of September 30, 2014 (the "Plan"),[2] submits this Annual Report, Financial Statements and Results of Operations of the United Gilsonite Laboratories Asbestos Personal Injury Trust for the Fiscal Year Ended December 31, 2019.[3]

[1] The last four digits of the Debtor's federal tax identification number are 7530.

[2] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

[3] Pursuant to the Final Decree and Order Closing the Chapter 11 Case of United Gilsonite Laboratories (Docket No. 2402), the Clerk of the Court shall not refuse to accept for filing any report submitted by the Trustee for the UGL Trust on the grounds that the Chapter 11 Case is closed.

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 1 of 26 asbestosclaims.law/library/14500/1

I. General

On March 23, 2011, United Gilsonite Laboratories filed a voluntary petition for relief under Chapter 11, Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Middle District of Pennsylvania (the "Bankruptcy Court"). On December 8, 2014, the Bankruptcy Court entered the Findings of Fact, Conclusions of Law, and Order Approving Exit Facility and Confirming the Modified First Amended Plan of Reorganization of United Gilsonite Laboratories Under Chapter 11 of the Bankruptcy Code (the "Confirmation Order"), which confirmed the Plan of the above-referenced debtor. On December 8, 2014, the United States District Court for the Middle District of Pennsylvania entered its Order Under 11 U.S.C. § 524(g)(3)(A) Affirming Bankruptcy Court's Confirmation of Chapter 11 Reorganization Plan and Issuance of Channeling Injunction affirming the Confirmation Order.

Pursuant to the Plan, the UGL Trust was established on December 31, 2014 (the "Effective Date").

Pursuant to the Plan, Wendy Julian,[4] Ethan Early, Joseph Belluck, Jonathan Ruckdeschel, and John P. Comerford are the members of the Trust Advisory Committee ("TAC") and James L. Patton is the Future Claimants' Representative ("FCR").

II. Trust Claims

Section 2.2(b) of the United Gilsonite Laboratories Asbestos Personal Injury Trust Agreement (the "Trust Agreement") requires the Trustee to account to the Bankruptcy

[4] Effective April 9, 2020, Wendy Julian resigned from her position as a member of the Trust Advisory Committee and appointed Beth Gori as her successor.

Published by AsbestosClaims.Law
asbestosclaims.law/library/14500/2

Court and file an annual report containing financial statements of the UGL Trust and a summary of the number and type of claims disposed of by the UGL Trust during the period covered by the financial statements.

The UGL Trust through its claims processing facility—Claims Processing Facility, Inc.—began accepting Trust Claims on December 17, 2015. From inception of the UGL Trust through the period ending December 31, 2019, 8,843 Trust Claims have been submitted to the UGL Trust, including 5,476 Trust Claims submitted in 2019, as follows:

Disease Level	**Claims submitted from Trust's inception through 12/31/19**	**Claims submitted in 2019**
Mesothelioma (Level VIII)	1,876	727
Lung Cancer 1 (Level VII)	4,098	2,598
Lung Cancer 2 (Level VI)	1,818	1,652
Other Cancer (Level V)	402	348
Severe Asbestosis (Level IV)	317	37
Asbestosis/Pleural Disease (Level III)	101	49
Asbestosis/Pleural Disease (Level II)	231	65
Other Asbestos Disease (Level I)	0	0
Total:	**8,843**	**5,476**

Of the 8,843 Trust Claims submitted to the UGL Trust, the UGL Trust has not approved 8,112 claims, including rejected claims, claims with uncured deficiencies, and

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 3 of 26 **asbestosclaims.law/library/14500/3**

withdrawn and deferred claims. As of December 31, 2019, the UGL Trust has paid a total of 609 Trust Claims. In 2019, the Trust liquidated and paid 173 Trust Claims, totaling $3,860,295, after application of the Payment Percentage.[5]

Under Section 4.3 of the Trust Agreement the Trust reports payments for Trust Expenses. The Trust's operating expenses are listed in the Special-Purpose Statements of Changes in Net Claimants' Equity. *See* Exhibit A attached hereto at page 4.

III. Compensation and Expenses of the Trustee, TAC and FCR.

Under Section 5.5(d) of the Trust Agreement, the UGL Trust reports to the Bankruptcy Court the amount of compensation and expenses paid to the Trustee and the Delaware Trustee. The Trustee and the Delaware Trustee received compensation and reimbursement for out-of-pocket expenses during the period from January 1, 2019 through December 31, 2019 as set forth in the Special-Purpose Statements of Changes in Net Claimants' Equity.

Under Section 6.6 of the Trust Agreement, the Trustee reports to the Bankruptcy Court the amount of compensation and expenses paid to the TAC and its counsel. The TAC and its counsel received compensation and reimbursement for out-of-pocket expenses during the period from January 1, 2019 through December 31, 2019 as set forth in the Special-Purpose Statements of Changes in Net Claimants' Equity.

Under Section 7.6 of the Trust Agreement, the Trustee reports to the Bankruptcy Court the amount of compensation and expenses paid to the Future Claimants' Representative (the "FCR") and his counsel. The FCR and his counsel received

[5] Trust Claims paid by the Trust in 2019 are reported herein on a cash basis.

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 4 of 26 asbestosclaims.law/library/14500/4

compensation and reimbursement for out-of-pocket expenses during the period from January 1, 2019 through December 31, 2019 as set forth in the Special-Purpose Statements of Changes in Net Claimants' Equity.

IV. Financial Statements

A copy of the UGL Trust's audited special-purpose financial statements for the year ended December 31, 2019, including Special-Purpose Statements of Net Claimants' Equity and Special-Purpose Statements of Changes in Net Claimants' Equity, is attached hereto as Exhibit "A".

The Trustee provided copies to the TAC and the FCR through their counsel on April 22, 2020.

Respectfully submitted,

Dated: April 22, 2020

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, A Professional Corporation

By: */s/ Sander L. Esserman*

Sander L. Esserman (Tex. Bar No. 06671500)
Andrea L. Ducayet (Tex. Bar No. 24032790)
2323 Bryan Street, Suite 2200
Dallas, TX 75201
Telephone: 214-969-4900
Facsimile: 214-969-4999
esserman@sbep-law.com
ducayet@sbep-law.com

COUNSEL FOR THE UNITED GILSONITE LABORATORIES ASBESTOS PERSONAL INJURY TRUST

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report
Published by AsbestosClaims.Law
ACL Doc 14500 · Page 5 of 26
asbestosclaims.law/library/14500/5

EXHIBIT A

UNITED GILSONITE LABORATORIES
ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Financial Statements
and
Report of Independent Auditors

Years Ended December 31, 2019 and 2018

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report
Published by AsbestosClaims.Law
ACL Doc 14500 · Page 7 of 26
asbestosclaims.law/library/14500/7

UNITED GILSONITE LABORATORIES
ASBESTOS PERSONAL INJURY TRUST

Table of Contents

	Page
Report of Independent Auditors	1 - 2
Financial Statements:	
Special-Purpose Statements of Net Claimants' Equity	3
Special-Purpose Statements of Changes in Net Claimants' Equity	4
Notes to Special-Purpose Financial Statements	5 - 16

SOWAN HORAN
ACCOUNTANTS CONSULTANTS

15301 Dallas Parkway
Suite 960
Addison, Texas 75001
MAIN 214 545 3965
FAX 214 545 3966
www.bkmsh.com

REPORT OF INDEPENDENT AUDITORS

To the Trustee of
United Gilsonite Laboratories Asbestos Personal Injury Trust

We have audited the accompanying special-purpose financial statements of the United Gilsonite Laboratories Asbestos Personal Injury Trust (organized in the State of Delaware), which comprise the special-purpose statements of net claimants' equity as of December 31, 2019 and 2018, and the related special-purpose statements of changes in net claimants' equity for the years then ended, and the related notes to the special-purpose 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 the special-purpose basis of accounting; this includes determining that the special-purpose basis of accounting is an acceptable basis for the preparation of the financial statements in these circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the special-purpose financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these special-purpose 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 special-purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose 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 entity'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 special-purpose financial statements referred to above present fairly, in all material respects, the net claimants' equity of the United Gilsonite Laboratories Asbestos Personal Injury Trust as of December 31, 2019 and 2018, and the changes in net claimants' equity for the years then ended in conformity with the special-purpose basis of accounting.

Emphasis of Matter

We draw attention to Note 2 of the special-purpose financial statements, which describes the basis of accounting. The financial statements are prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to present the amount of equity presently available to current and future claimants to the Trust. Our opinion is not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of the management of the Trust, the Trustee, the beneficiaries of the Trust and the United States Bankruptcy Court for the Middle District of Pennsylvania and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which, upon filing with the United States Bankruptcy Court for the Middle District of Pennsylvania, is a matter of public record.

BKM Dowan Horan, LLP

Addison, Texas
April 11, 2020

UNITED GILSONITE LABORATORIES
ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Statements of Net Claimants' Equity

	December 31, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents		
Unrestricted	$ **677,518**	$ 1,123,704
Restricted	**113,500**	27,400
Investments in marketable securities and certificate of deposit	**23,254,708**	24,399,137
Accrued interest and dividend income	**208,457**	232,129
Purchased interest	**1,229**	-
Prepaid expenses	**101,560**	98,760
Total assets	$ **24,356,972**	$ 25,881,130
LIABILITIES AND NET CLAIMANTS' EQUITY		
Accrued expenses	$ **50,012**	$ 52,131
Accrued payments to claimants	**199,937**	444,961
Claims processing deposits	**113,500**	27,400
Deferred tax liability	**283,586**	-
Total liabilities	**647,035**	524,492
Net claimants' equity	$ **23,709,937**	$ 25,356,638

See accompanying notes to special-purpose financial statements.

Case 5:11-bk-02032-RNO Doc 2412-1 Filed 04/22/20 Entered 04/22/20 17:08:22 Desc Exhibit Exhibit A - Audited Financial Statements Page 6 of 19

Published by AsbestosClaims.Law
asbestosclaims.law/library/14500/11

UNITED GILSONITE LABORATORIES
ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Statements of Changes in Net Claimants' Equity

	Years ended December 31,	
	2019	2018
Net Claimants' Equity, Beginning of Year	**$ 25,356,638**	$ 29,114,669
Additions		
Interest and dividend income - marketable securities	**957,899**	1,190,567
Net gain on investments in marketable securities, net of management fees, custody fees and bond amortization	**1,626,161**	-
Proceeds from United Gilsonite Laboratories - litigation reserve	**300,000**	-
Net income tax benefit	**-**	78,713
Filing fees collected on withdrawn claims and other	**10,200**	29,600
Total additions	**2,894,260**	1,298,880
Deductions		
Payments to Claimants	**3,615,271**	2,935,082
Net loss on investments in marketable securities, net of management fees, custody fees and bond amortization	**-**	1,600,719
Net income tax expense	**283,586**	-
Legal fees	**195,665**	123,721
Trustee fees and expenses	**118,251**	111,157
Trustee annual fee	**78,750**	78,750
Accounting fees	**65,138**	59,557
Trust Advisory Committee member fees and expenses	**37,382**	14,112
Future Claimants' Representative fees and expenses	**34,287**	40,505
Claims processing fees	**30,849**	6,994
Insurance expense	**20,010**	22,803
Financial consulting fees	**20,000**	20,000
Audit fees	**17,565**	18,834
Consulting fees	**9,000**	14,562
Arbitration expense	**5,993**	-
Delaware Trustee fees and expenses	**4,000**	4,000
Foreign taxes paid	**3,309**	4,856
Miscellaneous expenses	**1,905**	1,259
Total deductions	**4,540,961**	5,056,911
Net Decrease in Net Claimants' Equity	**(1,646,701)**	(3,758,031)
Net Claimants' Equity, End of Year	**$ 23,709,937**	$ 25,356,638

See accompanying notes to special-purpose financial statements.

Case 5:11-bk-02032-RNO Doc 2412-1 Filed 04/22/20 Entered 04/22/20 17:08:22 Desc Exhibit Exhibit A - Audited Financial Statements Page 7 of 19

Published by AsbestosClaims.Law
asbestosclaims.law/library/14500/12

Note 1 - Nature of Trust

Description of Trust

The United Gilsonite Laboratories Asbestos Personal Injury Trust (the "Trust") was established in accordance with the modified First Amended Plan of Reorganization (the "Plan"), under Chapter 11 of the United States Bankruptcy Code, of United Gilsonite Laboratories ("UGL"). The purpose of the Trust is:

- to assume the liability for all Trust Claims asserted against the Asbestos Protected Parties;
- to preserve, hold, manage, and maximize the Trust assets for use in paying and otherwise satisfying Trust Claims and paying Trust Expenses;
- to direct the processing, liquidation and payment of Trust Claims in accordance with the Trust Distribution Procedures ("TDP"); and
- to otherwise comply in all respects with the requirements for a trust set forth in Section 524(g)(2)(B) of the Bankruptcy Code, all in accordance with the Plan and the Trust Agreement.

The Trust was established on December 31, 2014, the Effective Date of the Plan ("Effective Date"), and is a Qualified Settlement Fund under Internal Revenue Code Section 468B for holders of asbestos personal injury claims ("Qualified Settlement Fund"). The Trust operates as the United Gilsonite Laboratories Asbestos Personal Injury Trust.

Pursuant to the Plan, UGL paid $11,000,000 of company cash and $6,036,880 of shareholder cash, for a total cash contribution of $17,036,880, at formation of the Trust. In addition, the Trust received from UGL a Promissory Note receivable in the amount of $7,250,000 and a Shareholder Promissory Note receivable in the amount of $375,000. The Promissory Note receivable was paid in full on May 5, 2017. The Shareholder Promissory Note receivable was paid in full on January 2, 2015. Also, UGL transferred its rights under insurance policies to the Trust in the amount of $10,355,835.

In December 2019, The Trust received $300,000 from UGL, representing the original and final balance in the litigation reserve fund.

Case 5:11-bk-02032-RNO Doc 2412-1 Filed 04/22/20 Entered 04/22/20 17:08:22
Desc Exhibit Exhibit A - Audited Financial Statements Page 8 of 19

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report
ACL Doc 14500 · Page 13 of 26
Published by AsbestosClaims.Law
asbestosclaims.law/library/14500/13

Note 1 - Nature of Trust – (Continued)

Description of Trust – continued

The Trust is governed by a Trust Agreement and TDP that establish the framework and criteria for allowance and payment of Claims by the Trust. The Trust Agreement and TDP were approved by the United States District Court as part of the Plan. There are eight disease levels specified in the TDP. Each claimant who meets the medical and exposure requirements of the TDP for a particular disease level may apply for expedited review and a specified payment amount. Claimants for certain disease levels also have an alternative, under the TDP, to submit additional documentation and request a more expansive review of their Claim (Individual Review Process) in which these case claims may be paid within a range of amounts.

The Trust's assets consist primarily of cash and cash equivalents, investments in marketable securities and a certificate of deposit, which, with the earnings (or losses) on such investments, are intended to be totally consumed by the allowance and payment of claims and operation of the Trust. The percentage amount of each allowed claim that will actually be paid will be determined by projections of total allowed Claims and operational expense of the Trust, on the one hand, and total assets and net earnings (or losses), on the other. The Trust began accepting claims in paper format on December 17, 2015, and online using the e-File system on March 17, 2016. The Trust began paying claims in June 2016. The initial payment percentage has been set at 11% and is subject to periodic review and adjustment. The Trustee is a fiduciary to the beneficiaries of the Trust and is responsible for administering the Trust and the Trust's assets in accordance with the Trust Agreement and the Plan.

Termination

The Trust Agreement (Section 8.2) provides that the Trust shall automatically dissolve on the date (the "Dissolution Date") ninety (90) days after the first to occur of the following events:

- The date on which the Trustee decides to dissolve the Trust because (A) the Trustee deems it unlikely that any new Trust Claims will be filed against the Trust , (B) all Trust Claims duly filed with the Trust have been liquidated and, to the extent possible based upon the funds available to the Trust through the Plan, paid to the extent provided in the Trust Agreement and TDP, or have been disallowed by a final, non-appealable order, and (C) twelve (12) consecutive months have elapsed during which no new Trust Claim has been filed with the Trust;

Note 1 - Nature of Trust – (Continued)

Termination – continued

- If the Trustee has procured and have in place irrevocable insurance policies and have established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Trust in a manner consistent with the Trust Agreement and the TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order; or

- To the extent that a rule against perpetuities shall be deemed applicable to the Trust, that date which is twenty-one (21) years less ninety-one (91) days after the death of the last survivor of all the descendants of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date hereof.

On the Dissolution Date or as soon as reasonably practicable, after the wind-up of the Trust's affairs by the Trustee and payment of all the Trust's liabilities have been provided for as required by applicable law, all remaining assets shall be applied to such charitable purposes, if practicable, which shall be related to the treatment of, research on, or the relief of individuals suffering from asbestos related disorders and such charitable organizations should not have any relationship with UGL.

Following the dissolution and distribution of the assets of the Trust, the Trust shall terminate and the Trustee shall execute and file a Certificate of Cancellation.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting

The Trust's special-purpose financial statements are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America (GAAP). The special-purpose accounting methods are being used to better communicate the equity available to satisfy current and future claims. Since the accompanying special-purpose financial statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount. These special-purpose accounting methods and the differences from GAAP are summarized as follows:

Note 2 - Summary of Significant Accounting Policies – (Continued)

Basis of accounting – continued

- The special-purpose financial statements are prepared using the accrual basis of accounting, except as otherwise described herein.

- The statement of net claimants' equity is not classified, resulting in no separation between current and noncurrent assets.

- These special-purpose financial statements do not include a statement of cash flows.

- Cash and cash equivalents are recorded at cost with accrued interest shown separately.

- The funding received from UGL and insurance settlements has been recorded directly to net claimants' equity. These funds do not represent taxable income to the Trust. Payments to Claimants are reported as deductions from net claimants' equity and do not represent tax-deductible expenses of the Trust.

- At December 31, 2019 and 2018, the liability for accrued payments to claimants reflected in the statements of net claimants' equity represents unpaid outstanding and accepted offers. No liability is recorded for future claims filings and filed claims on which no offer has been made. Net claimants equity represents funding available to pay present and future claims on which no liability has been recorded.

- At December 31, 2019. the Trust's investments in marketable debt securities are considered as available for sale. At December 31, 2018, the Trust's investments in marketable equity and debt securities were considered as available for sale. The unrealized holdings gains (losses) on these investments are included in net gain or loss on investments in marketable securities, net of management fees, custody fees and bond amortization on the accompanying statement of changes in net claimants' equity. Under GAAP, the unrealized holding gains (losses) on available for sale investments would be included as a component of net claimants' equity reported as accumulated other comprehensive income (loss).

Case 5:11-bk-02032-RNO Doc 2412-1 Filed 04/22/20 Entered 04/22/20 17:08:22 Desc Exhibit Exhibit A - Audited Financial Statements Page 11 of 19

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 16 of 26 **asbestosclaims.law/library/14500/16**

Note 2 - Summary of Significant Accounting Policies – (Continued)

Use of estimates

The preparation of special-purpose financial statements in conformity with the special-purpose accounting method requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the special-purpose financial statements and the reported amounts of additions and deductions to net claimants' equity during the reporting period. Significant items subject to such estimates and assumptions include the carrying value of financial instruments and current and deferred income tax expense. Actual results could differ from those estimates.

Financial instruments

The Trust's financial instruments are cash and cash equivalents, accrued interest and dividend income, investments in marketable securities, a certificate of deposit, and accrued expenses. The carrying amount of cash and cash equivalents, accrued interest and dividend income and accrued expenses approximate their fair values based on their short-term nature. The carrying amount of investments in marketable securities and certificate of deposit is based on fair value.

Cash and cash equivalents

The Trust considers all highly liquid debt instruments purchased with an original maturity value of three months or less to be cash equivalents. Cash and cash equivalents at December 31, 2019 and 2018, are as follows:

		2019		2018
Money market funds				
Goldman Sachs government fund	**$**	**281,572**	$	-
MapleMark Bank		**379,301**		-
PNC Bank government fund		**-**		58,060
BBVA Compass Bank		**-**		1,030,952
Filing fee account		**16,645**		34,692
Total	**$**	**677,518**	$	1,123,704

At December 31, 2019 and 2018, restricted cash represents filing fees received from claimants, which will be refunded if the claim is accepted and retained by the Trust if the claim does not qualify for payment.

Case 5:11-bk-02032-RNO Doc 2412-1 Filed 04/22/20 Entered 04/22/20 17:08:22 Desc Exhibit Exhibit A - Audited Financial Statements Page 12 of 19

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 17 of 26 **asbestosclaims.law/library/14500/17**

Note 2 - Summary of Significant Accounting Policies – (Continued)

Concentrations of credit risk

Financial instruments, which potentially subject the Trust to concentrations of credit risk, consist primarily of cash and cash equivalents, investments in marketable securities, and a certificate of deposit. The Trust maintained a portion of its cash and cash equivalents in accounts that are not federally insured but considers them to be of high credit quality. The Trust has not experienced any losses in such accounts, and it does not believe it is exposed to any significant credit risk.

The Trust's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the financial statements. However, the Trust has a formal investment policy of placing investments in high-quality financial institutions.

Investments in marketable securities and related income

Investments in marketable securities are reported at fair value in the special-purpose statement of net claimants' equity and changes in the fair value of investments, as well as unrealized and realized gains and losses are included in net gain or loss on investments in marketable securities, net of management fees, custody fees and bond amortization reported in the special-purpose statements of changes in net claimants' equity. Purchases and sales of marketable securities are recorded on the trade date.

Realized gains and losses on disposals of investments are determined by the specific identification method. Interest and dividend income are recognized on the accrual basis. For the years ended December 31, 2019 and 2018, respectively, investment management fees of $18,781 and $28,225, custody fees of $8,799 and $250 and bond amortization of $694,507 and $422,620, are included in net gain or loss on investments in marketable securities, net of management fees, custody fees and bond amortization in the accompanying statements of changes in net claimants' equity.

Investments considered to be permanently impaired in value are written down to their estimated net realizable value and the write down is recorded as a realized loss on investments. Unrealized losses that are other-than-temporary based upon management's estimates using quantitative and qualitative criteria are recognized as realized investment losses. Actual results could differ from those estimates.

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 18 of 26 **asbestosclaims.law/library/14500/18**

Note 2 - Summary of Significant Accounting Policies – (Continued)

Claims processing deposits

Claims processing deposits represent filing fees collected for each unliquidated claim, which will be refunded by the Trust if the claim is paid.

Net claimants' equity

The Trust, under the adopted special-purpose accounting convention, does not record the liability for future claims expected to be filed over the life of the Trust. The net claimants' equity is available for (i) the payments of allowed asbestos-related claims and (ii) operational expenses of the Trust.

Income taxes

Deferred tax assets and liabilities are recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when it is likely that the deferred tax assets may not be realized. No provision for state taxes was recorded because, as a Delaware trust, the Trust has no state income tax return filing obligation and is not obligated to pay state income taxes. Funds received by the Trust from UGL and from insurance settlements and disbursements paid to settle asbestos claims are not taxable or deductible by the Trust.

The Trustee's estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. The Trust uses a more likely than not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. To the extent that the Trustees' assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made. The Trust reports tax-related interest and penalties as a component of income tax expense and operating expenses, respectively. The Trust has no unrecognized tax benefits.

Subsequent events

The Trust has evaluated events and transactions subsequent to the date of the financial statements for matters requiring recognition or disclosure in the special-purpose financial statements. The accompanying special-purpose financial statements consider events through April 11, 2020, the date on which the financial statements were available to be issued. See Note 4 and 6.

Case 5:11-bk-02032-RNO Doc 2412-1 Filed 04/22/20 Entered 04/22/20 17:08:22 Desc Exhibit Exhibit A - Audited Financial Statements Page 14 of 19

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 19 of 26 **asbestosclaims.law/library/14500/19**

Note 3 - Investments in Marketable Securities and Certificate of Deposit

Fair value measurements

The Trust measures its investments, at fair value, according to a hierarchy of valuation techniques. The following are the levels of the hierarchy and a brief description of the type of valuation information ("inputs") that qualifies an investment for each level:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include a certificate of deposit and mutual funds.

Level II – Pricing inputs are other than quoted market prices included in Level I, however are observable indirectly for the investment. The Trust includes its municipal bonds in Level II, because these pricing inputs are indirectly evident through interest rates for commonly quoted credit risks.

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Trust does not carry any Level III investments.

The valuations of the Trust's investments in marketable securities and certificate of deposit by the above fair value hierarch levels and the corresponding cost of the investments as of December 31, 2019, are as follows:

	December 31, 2019			
	Level	Market Value	Cost	Unrealized Gains
Certificate of deposit	**I**	**$ 264,422**	**$ 264,422**	**$ -**
Mutual funds - equity funds	**I**	**5,733,268**	**4,891,321**	**841,947**
Municipal bonds	**2**	**17,257,018**	**16,543,154**	**713,864**
Total		**$ 23,254,708**	**$ 21,698,897**	**$ 1,555,811**

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 20 of 26 **asbestosclaims.law/library/14500/20**

Note 3 - Investments in Marketable Securities and Certificate of Deposit – (Continued)

Fair value measurements – continued

The valuations of the Trust's investments in marketable securities and certificate of deposit by the above fair value hierarch levels and the corresponding cost of the investments as of December 31, 2018, are as follows:

	December 31, 2018			
	Level	Market Value	Cost	Unrealized Losses
Certificate of deposit	1	$ 258,944	$ 258,944	$ -
Mutual funds - equity funds	1	5,865,136	6,040,584	(175,448)
Municipal bonds	2	18,275,057	18,422,751	(147,694)
Total		$ 24,399,137	$ 24,722,279	$ (323,142)

Maturities of the Trust's debt securities at December 31, 2019 are as follows:

	Level	Market Value	Cost	Unrealized Gains (Losses)
Due in one year or less	2	$ 831,244	$ 827,566	$ 3,678
Due after one year through five years	2	5,116,468	4,972,509	143,959
Due after five years through ten years	2	6,500,117	6,152,615	347,502
Due after ten years through twenty years	2	4,414,875	4,194,465	220,410
Due after twenty years	2	394,314	395,999	(1,685)
Total		$ 17,257,018	$ 16,543,154	$ 713,864

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 21 of 26 **asbestosclaims.law/library/14500/21**

Note 4 - Taxation

The Trust reports its income to the Internal Revenue Service as a designated settlement fund which is taxed at the highest rate applicable to trusts under Section 1(e) of the Code, which was 37% as of December 31, 2019, and 2018. For net operating losses (NOLs) created in years beginning after December 31, 2017, the carry forward of NOLs will be limited to a reduction of 80% of modified taxable income without expiration. NOLs prior to January 1, 2018 will carry forward 20 years, and there is no limitation in the reduction of modified taxable income.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted into law. The CARES Act has a number of changes to U.S. tax laws which includes temporarily repealing certain provisions for tax years beginning before 2021 related to taxable income limitations for NOLs to fully offset taxable income and NOLs arising in 2018, 2019, and 2020 can be carried back five tax years.

The Trust's federal income tax expense (benefit) is calculated as follows:

	Years Ended December 31,	
	2019	2018
Modified taxable loss	**$ (15,178)**	$ (79,386)
Tax rate	**37.0%**	37.0%
Federal income tax benefit	**(5,616)**	(29,373)
Deferred federal income tax expense (benefit)	**695,213**	(455,351)
Change in valuation allowance	**(406,011)**	406,011
Net income tax expense (benefit)	**$ 283,586**	$ (78,713)

Case 5:11-bk-02032-RNO Doc 2412-1 Filed 04/22/20 Entered 04/22/20 17:08:22 Desc Exhibit Exhibit A - Audited Financial Statements Page 17 of 19

Note 4 - Taxation – (Continued)

Temporary differences between financial reporting income and taxable income generate deferred tax assets and liabilities, as follows:

	Years Ended December 31,	
	2019	2018
Net operating loss carryforward	**$ 292,064**	$ 286,448
Unrealized (gain) loss on investments	**(575,650)**	119,563
Valuation allowance	**-**	(406,011)
Net deferred tax liability	**$ (283,586)**	$ -

At December 31, 2019, the Trust had approximately $789,300 of net operating loss carryforwards, with $694,800 expiring in years 2034 through 2037 and $94,500 having no expiration date. The amount of income taxes the Trust pays is subject to ongoing audits by federal authorities.

Note 5 - Trust Advisory Committee and Future Claimants' Representative

The Trust Agreement sets forth the role and responsibility of the Trust Advisory Committee ("TAC") and Future Claimants' Representative ("FCR"). The members of the TAC serve in a fiduciary capacity representing all holders of present Asbestos Claims ("Current Claimants"). The Trustee is required to consult with or obtain the consent of the TAC on certain matters identified in the Trust Agreement and the TDP. The TAC is comprised of five attorneys who are engaged by Current Claimants.

The FCR serves in a fiduciary capacity, representing the interests of the individuals who may file an Asbestos Claim in the future, but who at this time are unknown to the Trust (Future Asbestos Claimants). His role, in part, is to protect rights of the Future Asbestos Claimants. The Trustee is required to consult with or obtain the consent of the FCR on certain matters identified in the Trust Agreement and the TDP.

Note 6 - Subsequent events

The global outbreak of coronavirus disease 2019 (COVID-19) presents various risks. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management of the Trust is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, vendors, and industry. Given the daily evolution of the COVID-19 outbreak and the responses to curb its spread, the Trust is not able to estimate the effects, if any, of the COVID-19 outbreak on its results of operations and financial condition.

Case 5:11-bk-02032-RNO Doc 2412-1 Filed 04/22/20 Entered 04/22/20 17:08:22
Desc Exhibit Exhibit A - Audited Financial Statements Page 19 of 19

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 24 of 26 **asbestosclaims.law/library/14500/24**

UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA

IN RE:	)	**Chapter 11**
UNITED GILSONITE LABORATORIES, A PENNSYLVANIA CORPORATION,[1]	)	**Case No. 5:11-bk-02032 (RNO)**
REORGANIZED DEBTOR.	)	

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 22, 2020, she caused a copy of the *Annual Report, Financial Statements and Results of Operations of the United Gilsonite Laboratories Asbestos Personal Injury Trust for the Fiscal Year Ended December 31, 2019,* to be served on the parties at the addresses specified below via first-class mail.

/s/ Andrea L. Ducayet

Wendy Julian
Beth Gori
Gori, Julian & Associates, P.C.
156 North Main Street
Edwardsville, IL 62025

Ethan Early
Early, Lucarelli, Sweeney & Meisenkothen
(an Association of Professional LLCs)
The Early Law Firm, LLC
360 Lexington Avenue, 20th floor
New York, NY 10017

Joseph W. Belluck
Belluck & Fox LLP
546 Fifth Avenue, 4th Floor
New York, NY 10036

[1] The last four digits of the Debtor's federal tax identification number are 7530.

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 25 of 26 asbestosclaims.law/library/14500/25

Jonathan Ruckdeschel
The Ruckdeschel Law Firm, LLC
8357 Main Street
Ellicott City, MD 20143-4603

John P. Comerford
Lipsitz & Ponterio, LLC
135 Delaware Avenue, 5th floor
Buffalo, NY 14202

Natalie D. Ramsey, Esquire
Robinson+Cole
1000 N. West Street, Suite 1200
Wilmington, DE 19801

Laurie A. Krepto, Esquire
Robinson+Cole
1650 Market Street, Suite 3600
Philadelphia, PA 19103

James L. Patton, Esquire
Young Conaway Stargatt & Taylor, LLP
Rodney Square
1000 North King Street
Wilmington, DE 19801

Edwin J. Harron
Sharon M. Zieg
Sarah Beth Kohut
Young Conaway Stargatt & Taylor, LLP
Rodney Square
1000 North King Street
Wilmington, DE 19801

United Gilsonite Laboratories Asbestos Trust Annual Reports, 2019 annual report Published by AsbestosClaims.Law
ACL Doc 14500 · Page 26 of 26 **asbestosclaims.law/library/14500/26**