

# Unitarian Universalist Organizations Health Plan

Financial Statements  
and  
Supplemental Schedules

Years Ended June 30, 2011 and 2010

# Unitarian Universalist Organizations Health Plan

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL SCHEDULES  
Years Ended June 30, 2011 and 2010

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## INDEPENDENT AUDITOR'S REPORT

To the Benefits Trust Trustees of  
Unitarian Universalist Organizations Health Plan  
Boston, Massachusetts

We have audited the accompanying statements of net assets available for plan benefits and of plan benefit obligations of the Unitarian Universalist Organizations Health Plan (the "Plan") as of June 30, 2011 and 2010, and the related statements of changes in net assets available for plan benefits and of changes in plan benefit obligations for the years then ended. These financial statements are the responsibility of the Plan's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of June 30, 2011 and 2010, and the changes in its financial status for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental schedules of assets held at end of year and reportable transactions for the year ended June 30, 2011 are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Schedule Act of 1974. These supplemental schedules are the responsibility of the Plan's management. These supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McGladrey & Pullen, LLP*

January 6, 2012  
Boston, Massachusetts

# Unitarian Universalist Organizations Health Plan

Statements of Net Assets Available for Plan Benefits

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Investments, at fair value:		
Governmental agency securities	\$ 1,933,729	\$ -
Certificates of deposit	1,346,179	1,934,925
Money markets funds	73,302	798,714
Total investments	<u>3,353,210</u>	<u>2,733,639</u>
Receivables:		
Subscribing employers	54,696	83,924
Subscribing individuals	23,441	27,974
	<u>78,137</u>	<u>111,898</u>
Other assets:		
Cash and cash equivalents	2,239,923	425,574
Prepaid claim deposit	143,800	144,300
	<u>2,383,723</u>	<u>569,874</u>
 Total assets	 <u>5,815,070</u>	 <u>3,415,411</u>
<b>LIABILITIES</b>		
Prepaid contributions	32,380	156,043
Accounts payable and accrued expenses	128,981	136,151
Due to Group Insurance Plan	512,906	-
	<u>674,267</u>	<u>292,194</u>
 Total liabilities	 <u>674,267</u>	 <u>292,194</u>
 Net assets available for plan benefits	 <u>\$ 5,140,803</u>	 <u>\$ 3,123,217</u>

See notes to financial statements.

# Unitarian Universalist Organizations Health Plan

Statements of Changes in Net Assets Available for Plan Benefits

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Additions to net assets attributed to:		
Investment income (loss):		
Interest income and dividends	\$ 35,483	\$ 50,594
Net depreciation in fair value of investments	(5,074)	(9,253)
	<u>30,409</u>	<u>41,341</u>
Contributions:		
Contributions from subscribing employers	5,496,965	5,209,003
Contributions from participants	2,355,842	1,736,334
Plan prescription rebate	42,265	52,637
	<u>7,895,072</u>	<u>6,997,974</u>
 Total additions	 <u>7,925,481</u>	 <u>7,039,315</u>
Deductions from net assets attributed to:		
Benefits paid to or on behalf of participants and beneficiaries	4,854,000	5,386,038
Premiums paid to insurance carriers for excess loss coverage	290,246	315,171
Plan administration fees	399,654	368,197
Administrative expenses	260,664	230,968
Professional fees	103,331	86,473
	<u>5,907,895</u>	<u>6,386,847</u>
 Total deductions	 <u>5,907,895</u>	 <u>6,386,847</u>
 Net increase	 <u>2,017,586</u>	 652,468
Net assets available for plan benefits:		
Beginning of year	<u>3,123,217</u>	<u>2,470,749</u>
 End of year	 <u>\$ 5,140,803</u>	 <u>\$ 3,123,217</u>

See notes to financial statements.

# Unitarian Universalist Organizations Health Plan

Statements of Plan's Benefit Obligations

June 30, 2011 and 2010

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	<u>2011</u>	<u>2010</u>
Amounts currently payable:		
Claims incurred but not reported	<u>\$ 828,000</u>	<u>\$ 610,100</u>
Total obligations other than postretirement benefit obligations	<u>828,000</u>	<u>610,100</u>
Plan's total benefit obligations	<u><u>\$ 828,000</u></u>	<u><u>\$ 610,100</u></u>

See notes to financial statements.

# Unitarian Universalist Organizations Health Plan

Statements of Changes in Plan's Benefit Obligations

Years Ended June 30, 2011 and 2010

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	<u>2011</u>	<u>2010</u>
Amounts currently payable:		
Balance at beginning of year	\$ 610,100	\$ 905,305
Claims reported and approved for payment	5,071,900	5,090,833
Claims paid	<b>(4,854,000)</b>	<b>(5,386,038)</b>
Balance at end of year	<u>828,000</u>	<u>610,100</u>
Plan's total benefit obligations, at end of year	<u>\$ 828,000</u>	<u>\$ 610,100</u>

See notes to financial statements.

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

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## 1. DESCRIPTION OF PLAN

The following description of Unitarian Universalist Organizations Health Plan (the "Plan") provides only general information. Participants should refer to the Unitarian Universalist Organizations Health Plan Document (the "Plan Document") for a more complete description of the Plan's provisions.

### General

The Plan is a multiple employer voluntary health and welfare benefit plan established by the Unitarian Universalist Association Employee Benefits Trust (the "Trust" or the "Plan Sponsor"), with an effective date of January 1, 2007, for the exclusive benefit of, and to provide health benefits to, eligible employees and eligible retirees (and their eligible dependents) of subscribing employers and subscribing individuals. The Benefits Trust Trustees serve as the trustees of the Plan and have been appointed by the trustees of the Unitarian Universalist Association ("UUA"). The Plan provides health insurance benefits, including pharmacy coverage for all covered employees and eligible retirees of UUA congregations and related organizations, (the "Company") as well as their covered dependents. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Plan Sponsor manages the Plan and is an independent not-for-profit corporation which is exempt from income taxes under section 501(c)(9) of the Internal Revenue Code.

### Plan Administration

Administration of the Plan is performed by employees of the UUA, the costs of which are absorbed by the Plan.

The Plan is self-insured with respect to medical claims with the exception of certain "excess loss" insurance policies that cover certain large claims at both aggregate and individual participant levels.

Claims administration of the Plan has been delegated to Highmark Inc. ("Highmark") for medical benefits. As an outsourced contract administrator of the Plan, Highmark has discretionary authority over payment of medical claims submitted by participants. Furthermore, COBRA administration is performed by HM Benefits Administrators, an affiliate of Highmark.

Certain administrative expenses, including administrative services fees paid to Highmark, were paid directly by the Plan during the Plan years ended June 30, 2011 and 2010.

Milliman, Inc. (the "Actuary") is engaged as a technical advisor on matters related to the operation, actuarial valuation and funding requirements of the Plan.

Plan investments are managed by Eastern Investment Advisors, Inc. and Charles Schwab & Co, Inc. serves the Plan as custodian of Plan investments, both as appointed by the Plan Sponsor.

### Benefits

The Plan provides health insurance benefits to participants pursuant to an insurance contract with Highmark. The Plan offers three levels of preferred provider coverage and a Medicare supplement plan. The Plan's health benefits (including information about the benefits available, required deductibles, co-payments, maximums, limits, and exclusions, as applicable) are summarized in the applicable coverage booklets.

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

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## 1. DESCRIPTION OF PLAN...continued

### Benefits...continued

Effective January 1, 2010, the Plan eliminated cost-sharing for diagnostic services. Effective, January 1, 2011, the Plan added benefits for hearing aids and expenses related to learning disabilities.

### Eligibility

A subscribing employer is defined as a UUA Congregation (or other entity that is a related organization of the UUA) that has subscribed to the Plan.

As of January 1, 2008, an eligible employee was defined as someone working at least 750 hours per year for a subscribing employer who also satisfies the specific eligibility requirements established by the subscribing employer in the respective employer subscription agreement. Prior to January 1, 2008, an eligible employee was defined as someone working at least 1,000 hours per year for a subscribing employer who also satisfies the specific eligibility requirements established by the subscribing employer in the respective employer subscription agreement. Effective July 1, 2010, an eligible employee for those states offering State-subsidized health insurance coverage is defined as someone working at least 1,040 hours per year for a subscribing employer who also satisfies the specific eligibility requirements established by the subscribing employer in the respective employer subscription agreement.

As of January 1, 2008 an eligible retiree is defined as someone meeting one of two criteria: (i) the retiree is under age 65 and has retired from a subscribing employer after performing services as a minister; or (ii) is age 65 or older, is enrolled in Medicare Parts A and B, is retired from a subscribing employer after performing services in any capacity and has worked at least 750 hours per calendar year for a subscribing employer in five of the ten calendar years preceding the year of retirement. Prior to January 1, 2008 an eligible retiree was required to have worked at least 1,000 hours per calendar year for a subscribing employer in five of the ten calendar years preceding the year of retirement. Subscribing employers and the eligible retirees are responsible for all current and future obligations that arise from this benefit as described in the Funding Policy note below.

Eligible dependents include the following: (i) a spouse under a legally valid marriage; (ii) through April 30, 2010 an unmarried natural, step or adopted child that is under 19 (or under age 25, unless mandated otherwise by state law, if the child is enrolled full-time as a student for 12 or more credit hours in an accredited school) and depends on the eligible subscriber (or his or her spouse or domestic partner) for more than half of their financial support or of any age if the child or children are physically or mentally incapable of caring for themselves due to certain disabilities was allowed to participate in the Plan. Effective May 1, 2010 the Plan was amended to allow coverage for children to age 26, regardless of their dependent status; and (iii) a domestic partner (as defined in the plan document).

A subscribing individual includes an individual who is either (i) a self-employed Unitarian Universalist community minister or (ii) a Unitarian Universalist minister working in a ministerial capacity for an UUA Congregation (or other entity that is an affiliated member of the UUA) that does not offer a health insurance plan, each of whom has subscribed to the Plan.

Eligible employees, eligible retirees, eligible dependents, or subscribing individuals are hereinafter referred to as "covered persons" or "participants."

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

## 1. DESCRIPTION OF PLAN...continued

### Funding Policy

The cost of all benefits is shared by the subscribing employers and participants. The subscribing employers make regular contributions in the amount required to fund benefits, insurance premiums and expenses of the Plan. Participants contribute specified amounts based upon coverage as determined by the subscribing employers. Participant contribution amounts for various benefits are the same for active and retired participants. Subscribing individuals must pay 100% of the cost of coverage, which varies based upon which coverage is elected.

### Excess Loss ("Stop-Loss") Coverage Insurance Policies

Since inception, the Plan has purchased Stop-Loss insurance coverage from HM Life Insurance Company ("HM LIC") to cover health care benefits that exceed certain claim expense levels. The policies cover the respective calendar years and the policy terms have been modified each year in an effort to control Plan expenses. The Stop-Loss coverage works in the following manner: the Plan is responsible for paying qualified claim expenses and would get reimbursed by HM LIC for health care claim expenses that exceed the per participant deductible level. Reimbursement is limited to the per participant maximum coverage benefit, which is measured over the participants lifetime. The following table summarizes coverage levels for each calendar year that is reported in the financial statements.

	Deductible Per Participant	Maximum Benefit Coverage Per Participant	Maximum Benefit Coverage For the Plan
Calendar year 2009	\$ 200,000	\$ 800,000	\$ 1,000,000
Calendar year 2010	\$ 200,000	\$1,000,000	\$ 1,800,000
Calendar year 2011	\$ 300,000	\$1,000,000	\$ 1,700,000

The Plan has not experienced claim losses at a per participant level or at the Plan level in excess of the respective deductibles during the Plan's years ended June 30, 2011 and 2010.

### Administrative Expenses

The Plan absorbs all administrative expenses of the Plan, such as services provided by employees of the UUA to the Plan, rent, audit fees, consulting fees and legal fees. Expenses paid directly by the Plan include those related to third-party claims administration, actuarial services, and COBRA coverage under the Plan. Plan administration fees for services provided by Highmark are paid directly by the Plan.

### Basis of Accounting

The financial statements of the Plan are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, benefit obligations and changes therein and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

### Plan Benefit Obligations and Actuarial Assumptions

The Medicare Prescription Drug Improvement and Modernization Act of 2003 ("the Act") provides for drug benefits for participants age 65 and over under the Medicare Part D program. For plan sponsors who continue to provide prescription drug programs for eligible former employees age 65 and over which are actuarially equivalent to the Medicare Part D program, there are subsidies available that are contained in the Act in the form of direct tax-exempt payments. As of June 30, 2011, the Plan does not offer a prescription drug program for eligible former employees age 65 and over. Accordingly, the change in benefit obligations does not reflect any amount associated with the Medicare subsidy.

### Reclassifications

Certain reclassifications have been made to the June 30, 2010 financial statements, with no effect on net income, to be consistent with the classifications presented as of June 30, 2011.

### Cash and Cash Equivalents

Cash and cash equivalents are securities which mature within 90 days and are held in bank deposit accounts. The Plan maintains certain amounts in bank deposit accounts which at times, may exceed federally insured limits, but does not believe it is exposed to any significant credit risk.

### Receivables

Receivables at June 30, 2011 and 2010 total \$78,137 and \$111,898 and represent amounts due from subscribing employer congregations and participants for contributions to the Plan.

### Prepaid Claim Deposit

The prepaid claim deposit is an escrow account which the Plan is contractually required to keep at Highmark. In the event that the Plan terminates the prepaid claims deposit would be used to cover claims which are outstanding as of the termination date and is adjusted by Highmark based on the prior year's claims experience.

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

### Valuation of Investments and Income Recognition

The Plan's investments are stated 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 5 for discussion of fair value measurements. If available, quoted market prices are used to value investments. The amounts shown for investments that have no quoted market price represent estimated fair values. 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 (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

### Prepaid Contributions

Prepaid contributions are contributions which have been made by subscribing employers or subscribing individuals for coverage to be provided. In the event that a subscribing employer or subscribing individual was to terminate coverage the Plan would be required to reimburse the participants or subscribing employers.

### Due to Group Insurance Plan

The plan collects non-trust funds on behalf of other plans that the participants are enrolled in and these amounts are remitted to those plans monthly.

### Claims Incurred But Not Reported

Plan obligations at June 30, 2011 and 2010 for claims incurred by active participants but not reported at that date are based on an estimate, prepared by the Actuary, which is based on historical payment lags experienced by the Plan including factors of average days claims are outstanding and average dollars of such claims. The Plan had \$828,000 and \$610,100 of estimated claims incurred but not reported for all active participants at June 30, 2011 and 2010, respectively.

## 3. NEW ACCOUNTING PRONOUNCEMENTS

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"), which primarily requires new disclosures related to the levels within the fair value hierarchy. An entity will be required to disclose significant transfers in and out of Levels 1 and 2 of the fair value hierarchy, and separately present information related to purchases, sales, issuances and settlements in the reconciliation of fair value measurements classified as Level 3. In addition, ASU 2010-06 will amend the fair value disclosure requirement for pension and postretirement benefit plan assets to require this disclosure at the investment class level. ASU 2010-06 will be effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures related to purchases, sales, issuances and settlements for Level 3 fair value measurements, which are effective for reporting periods beginning after December 15, 2010. The Plan adopted the guidance in ASU 2010-06 related to disclosures of significant transfers between Level 1 and Level 2 for the plan year ended June 30, 2011. The disclosures related to Level 1 and Level 2 fair value measurements did not have an impact on the Plan's financial statements. The Plan will adopt the additional disclosures related to Level 3 fair value measurements, as required by ASU 2010-06 effective July 1, 2011.

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements  
Years Ended June 30, 2011 and 2010

### 3. NEW ACCOUNTING PRONOUNCEMENTS...continued

#### Future Adoption of Accounting Standards

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*, ("ASU 2011-04"). ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards ("IFRSs"). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

### 4. NON-PARTICIPANT DIRECTED INVESTMENTS

The following table presents the fair value of Plan investments at June 30, 2011 and 2010. Investments that represent five percent or more of the Plan's net assets are identified separately.

	<u>2011</u>	<u>2010</u>
Investments at fair value as determined by quoted market price:		
Money market funds:		
Charles Schwab Govt. Money Fund	\$ 73,302*	\$ 798,714
Investments at estimated fair value:		
Government agency securities	<u>1,933,729</u>	<u>-</u>
Certificates of deposit:		
American Express Cent Bank	224,395*	200,490
GE Money Bank N.A.	120,000*	200,000
Greystone Bank N.A.	-*	199,700
Other	<u>1,001,784</u>	<u>1,334,735</u>
	<u>1,346,179</u>	<u>1,934,925</u>
Total investments at fair value	<u>\$ 3,353,210</u>	<u>\$ 2,733,639</u>

\* Did not represent 5% of plan net assets in 2011

During the years ended June 30, 2011 and 2010, the Plan's investments (including investments bought, sold, as well as held, during the year) depreciated in fair value as follows:

	<u>2011</u>	<u>2010</u>
Net depreciation in fair value:		
Investments at estimated fair value:		
Certificates of deposit	\$ (5,074)	\$ (9,253)
	<u>\$ (5,074)</u>	<u>\$ (9,253)</u>

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

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## 5. FAIR VALUE DISCLOSURE

*Fair Value Measurements and Disclosures*, issued by the FASB, establishes 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 are described below:

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.

The asset's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Plan's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Plan uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

### Money Market Fund

The money market fund is valued at the quoted net asset value (NAV) of shares held by the Plan. These securities are categorized in Level 1 of the fair value hierarchy as they are actively traded and no valuation adjustments have been applied.

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements  
Years Ended June 30, 2011 and 2010

## 5. FAIR VALUE DISCLOSURE...continued

### Certificates of Deposit

Certificates of deposit are priced using pricing models which consists of a compilation of inputs from observable market information including broker quotes, recent trades, supply information, benchmark yields (treasury curves) and security specific historic information, returns, and yields. These securities are categorized in Level 2 of the fair value hierarchy as they have observable inputs but are not actively quoted.

### Government Agency Securities

Government agency securities are valued using bond pricing models consisting of observable market inputs including broker quotes, recent trades, and specific historical information on returns and yields. These securities are categorized in Level 2 of the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2011 and 2010.

Assets at fair value at June 30, 2011:

	Balance As of June 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 73,302	\$ 73,302	\$ -	\$ -
Government agency securities	1,933,729	-	1,933,729	-
Certificates of deposit	<u>1,346,179</u>	<u>-</u>	<u>1,346,179</u>	<u>-</u>
Total investments at fair value	<u>\$ 3,353,210</u>	<u>\$ 73,302</u>	<u>\$ 3,279,908</u>	<u>\$ -</u>

Assets at fair value at June 30, 2010:

	Balance As of June 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 798,714	\$ 798,714	\$ -	\$ -
Certificates of deposit	<u>1,934,925</u>	<u>-</u>	<u>1,934,925</u>	<u>-</u>
Total investments at fair value	<u>\$ 2,733,639</u>	<u>\$ 798,714</u>	<u>\$ 1,934,925</u>	<u>\$ -</u>

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

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## 6. TAX STATUS

The Trust is intended to be organized and operated as an employee welfare benefit plan described in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Trust is a voluntary employees' beneficiary association as described in Internal Revenue Service Code (IRC) Section 501(c)(9). The Sponsor has obtained a favorable tax determination letter, dated March 12, 2009, from the Internal Revenue Service stating that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code.

Although the Plan has been amended subsequent to March 12, 2009, the Company believes that the Plan is currently designed and being operated in compliance with applicable requirements of the Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax exempt status and had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Plan is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for plan years before 2007.

## 7. PARTY-IN-INTEREST TRANSACTIONS

Plan administration is performed by the employees of the UUA and the Plan is charged at cost for the services provided to the Plan. Such expenditures are reviewed and approved annually by the Benefits Trust Trustees. Plan administration expenses totaled \$260,664 and \$230,968 for the years ended June 30, 2011 and 2010, respectively. Additionally, investments of the Plan include a money market fund managed by Charles Schwab, the custodian of the Plan. These transactions qualify as party-in-interest transactions as that term is defined in Section 3(14) of ERISA.

## 8. PLAN TERMINATION

Although the Plan Sponsor and Benefits Trust Trustees contemplate the continuation of the Plan in the form presented, the Plan Sponsor has the right under the Plan to terminate the Plan or modify the benefits provided at any time subject to provisions of ERISA.

In the event the Plan terminates, the net assets of the Plan shall be used in accordance with the Plan for the benefit of the covered persons to the extent the Plan will permit.

## 9. PLAN BENEFIT OBLIGATIONS AND CHANGES IN PLAN BENEFIT OBLIGATIONS

During 2009 the Plan Sponsor, with the advice from the Plan's Actuary, determined that postretirement benefit obligations related to the Plan were the responsibility of subscribing employers and not of the Plan and therefore no postretirement benefit obligation existed at June 30, 2011 and 2010.

# Unitarian Universalist Organizations Health Plan

Notes to Financial Statements  
Years Ended June 30, 2011 and 2010

## 10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the accompanying June 30, 2011 and 2010 financial statements to the Form 5500:

	<u>2011</u>	<u>2010</u>
Net assets available for benefits per the financial statement	\$ 5,140,803	\$ 3,123,217
Less – amounts payable at end of year	<u>(828,000)</u>	<u>(610,100)</u>
Net assets available for benefits per Form 5500	<u>\$ 4,312,803</u>	<u>\$ 2,513,117</u>

The following is a reconciliation of the net increase per the financial statements to the net increase per the Form 5500 for the plan year ended June 30, 2010:

	<u>2011</u>	<u>2010</u>
Net increase per the financial statements	\$ 2,017,586	\$ 652,468
Claims incurred but not reported 2011	(828,000)	(610,100)
Claims incurred but not reported 2010	<u>610,100</u>	<u>905,305</u>
Net increase per Form 5500	<u>\$ 1,799,686</u>	<u>\$ 947,673</u>

Amounts currently payable to or for participants, beneficiaries and dependents are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to the last day of June but not yet paid as of that date.

## 11. 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 values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the statements of net assets available for benefits.

## 12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through January 6, 2012, the date which the financial statements were available to be issued. There were no additional matters requiring accrual or disclosure in the financial statements.

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SUPPLEMENTAL SCHEDULES

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# Unitarian Universalists Organizations Health Plan

Employer Identification Number 20-8079417

Plan Number 501

## Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

June 30, 2011

(a)	(b)	(c) Description of Investment					(d)	(e)
Identity of Issue, Borrower, Lessor or Similar Party	Type of Investment	Maturity Date	Rate of Interest	Collateral	Par or Maturity Value	Cost	Current Value	
* Schwab Government Money Fund	Money Market	n/a	0.01%	n/a	n/a	\$ 73,302	\$ 73,302	
Huntington National Bank	Certificate of Deposit	08/06/2013	1.60%	n/a	235,000	235,000	237,945	
American Express Century Bank	Certificate of Deposit	11/13/2012	0.65%	n/a	225,000	225,000	224,395	
Centennial Bank	Certificate of Deposit	04/21/2015	1.75%	n/a	200,000	200,000	199,004	
Ally Bank GMAC National Association	Certificate of Deposit	10/09/2012	0.65%	n/a	175,000	175,000	174,646	
Bank of Hampton	Certificate of Deposit	08/18/2011	0.85%	n/a	150,000	150,000	150,081	
Discover Bank	Certificate of Deposit	03/10/2014	1.30%	n/a	150,000	150,000	149,772	
GE Money Bank National Association	Certificate of Deposit	07/05/2011	2.10%	n/a	120,000	120,000	120,000	
Discover Bank National Association	Certificate of Deposit	08/08/2011	4.55%	n/a	90,000	90,000	90,336	
Federal Home Loan Bank, 1.38%, due 9/12/14	Governmental Obligation	09/12/2014	1.38%	n/a	250,000	250,010	252,046	
Federal Home Loan Bank, 1.00%, due 9/13/13	Governmental Obligation	09/13/2013	1.00%	n/a	250,000	249,650	251,747	
Federal Home Loan Bank, 1.75%, due 9/11/15	Governmental Obligation	09/11/2015	1.75%	n/a	250,000	249,923	250,916	
Federal Farm Credit Bank, 1.70%, due 10/28/16	Governmental Obligation	10/28/2016	1.70%	n/a	250,000	250,010	243,884	
Federal Farm Credit Bank, 0.92%, due 9/24/13	Governmental Obligation	09/24/2013	0.92%	n/a	200,000	200,010	200,620	
Federal Farm Credit Bank, 1.50%, due 7/28/14	Governmental Obligation	07/28/2014	1.50%	n/a	150,000	150,010	151,656	
Federal Farm Credit Bank, 1.10%, due 7/8/13	Governmental Obligation	07/08/2013	1.10%	n/a	150,000	150,246	151,263	
Federal Home Loan Bank, 0.98%, due 5/29/13	Governmental Obligation	05/29/2013	0.98%	n/a	150,000	150,010	150,940	
Federal Farm Credit Bank, 0.55%, due 11/19/12	Governmental Obligation	11/19/2012	0.55%	n/a	100,000	100,010	100,249	
Federal Farm Credit Bank, 0.92%, due 11/26/13	Governmental Obligation	11/26/2013	0.92%	n/a	100,000	100,010	100,215	
Federal Home Loan Bank, 1.38%, due 12/22/14	Governmental Obligation	12/22/2014	1.38%	n/a	80,000	79,135	80,193	

\$ 3,353,210

\* Represents a party-in-interest to the Plan

# Unitarian Universalists Organizations Health Plan

Employer Identification Number 20-8079417

Plan Number 501

Schedule H, Line 4j - Schedule of Reportable Transactions  
Year Ended June 30, 2011

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expenses Incurred	(g) Cost of Asset	(h) Current Value	(i) Net Gain (Loss)
Category 1 - Single transaction exceeds 5% of value								
Ally Bank GMAC National Association	Certificate of Deposit	\$ 175,000	\$ -	n/a	n/a	\$ 175,000	\$ 175,000	\$ -
American Express Century Bank	Certificate of Deposit	\$ 225,000	\$ -	n/a	n/a	\$ 225,000	\$ 225,000	\$ -
Centennial Bank	Certificate of Deposit	\$ 200,000	\$ -	n/a	n/a	\$ 200,000	\$ 200,000	\$ -
Federal Farm Credit Bank	Governmental Obligation	\$ 200,010	\$ -	n/a	n/a	\$ 200,010	\$ 200,010	\$ -
Federal Farm Credit Bank	Governmental Obligation	\$ 250,010	\$ -	n/a	n/a	\$ 250,010	\$ 250,010	\$ -
Federal Home Loan Bank	Governmental Obligation	\$ 250,010	\$ -	n/a	n/a	\$ 250,010	\$ 250,010	\$ -
Federal Home Loan Bank	Governmental Obligation	\$ 249,650	\$ -	n/a	n/a	\$ 249,650	\$ 249,650	\$ -
Federal Home Loan Bank	Governmental Obligation	\$ 249,923	\$ -	n/a	n/a	\$ 249,923	\$ 249,923	\$ -
Huntington National Bank	Certificate of Deposit	\$ 235,000	\$ -	n/a	n/a	\$ 235,000	\$ 235,000	\$ -
American Express Century Bank	Certificate of Deposit	\$ -	\$ 200,000	n/a	n/a	\$ 200,000	\$ 200,000	\$ -
GE Money Bank National Association	Certificate of Deposit	\$ -	\$ 200,000	n/a	n/a	\$ 200,000	\$ 200,000	\$ -
Greystone Bank National Association	Certificate of Deposit	\$ -	\$ 200,000	n/a	n/a	\$ 200,000	\$ 200,000	\$ -