

Unitarian Universalist Organizations Health Plan

Financial Report
June 30, 2016 and 2015

Contents

| | |
|---|-------|
| Independent auditor's report | 1-2 |
| <hr/> | |
| Financial statements | |
| Statements of net assets available for plan benefits | 3 |
| Statements of changes in net assets available for plan benefits | 4 |
| Statements of plan benefit obligations | 5 |
| Statements of changes in plan benefit obligations | 6 |
| Notes to financial statements | 7-13 |
| Supplemental schedule | |
| Schedule H, line 4i - schedule of assets (held at end of year) | 14-15 |



RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Unitarian Universalist Organizations Health Plan (the "Plan"), which comprise the statements of net assets available for plan benefits and of plan benefit obligations as of June 30, 2016 and 2015, 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, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of June 30, 2016 and 2015, and the changes in its financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of June 30, 2016, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Boston, Massachusetts
January 26, 2017

Unitarian Universalist Organizations Health Plan

Statements of Net Assets Available for Plan Benefits
June 30, 2016 and 2015

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Assets | | |
| Investments, at fair value: | | |
| Certificates of deposit | \$ 1,074,506 | \$ 2,443,608 |
| Governmental agency securities | 943,754 | 1,417,715 |
| Equity securities | 545,703 | - |
| Corporate bonds | 462,036 | - |
| Exchange traded funds | 166,462 | - |
| Money market fund | 57,754 | 206,067 |
| Total investments | 3,250,215 | 4,067,390 |
| Receivables: | | |
| Interest income | 13,016 | 16,321 |
| Contributions from subscribing employers | 58,272 | 56,319 |
| Contributions from participants | 24,974 | 24,137 |
| | 96,262 | 96,777 |
| Other assets: | | |
| Cash and cash equivalents | 1,358,836 | 451,886 |
| Prepaid claim deposit | 185,500 | 185,500 |
| | 1,544,336 | 637,386 |
| Total assets | 4,890,813 | 4,801,553 |
| Liabilities | | |
| Prepaid contributions | 163,911 | 17,962 |
| Accounts payable and accrued expenses | 363,803 | 236,615 |
| Due to group insurance plan | 525,502 | (7,636) |
| Total liabilities | 1,053,216 | 246,941 |
| Net assets available for plan benefits | \$ 3,837,597 | \$ 4,554,612 |

See notes to financial statements.

Unitarian Universalist Organizations Health Plan

Statements of Changes in Net Assets Available for Plan Benefits Years Ended June 30, 2016 and 2015

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Investment income: | | |
| Interest income and dividends | \$ 77,832 | \$ 69,491 |
| Net appreciation (depreciation) in fair value of investments | 28,053 | (17,112) |
| | <u>105,885</u> | <u>52,379</u> |
| Contributions: | | |
| Contributions from subscribing employers | 7,462,090 | 7,125,649 |
| Contributions from participants | 3,198,038 | 3,053,849 |
| | <u>10,660,128</u> | <u>10,179,498</u> |
| Plan prescription rebates | <u>18,517</u> | 20,513 |
| | <u>10,784,530</u> | <u>10,252,390</u> |
| Deductions from net assets attributed to: | | |
| Benefits paid to or on behalf of participants and beneficiaries | 10,328,764 | 9,421,562 |
| Premiums paid to insurance carrier for excess loss coverage | 211,623 | 197,663 |
| External plan administration fees | 496,661 | 536,294 |
| Administrative expenses | 374,416 | 345,377 |
| Professional fees | 90,081 | 89,038 |
| Total deductions | <u>11,501,545</u> | <u>10,589,934</u> |
| Net decrease | (717,015) | (337,544) |
| Net assets available for plan benefits: | | |
| Beginning of year | <u>4,554,612</u> | 4,892,156 |
| End of year | <u>\$ 3,837,597</u> | <u>\$ 4,554,612</u> |

See notes to financial statements.

Unitarian Universalist Organizations Health Plan

Statements of Plan Benefit Obligations

June 30, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| Amounts currently payable: | | |
| Claims payable and claims incurred but not reported | \$ 631,000 | \$ 991,000 |
| Total obligations other than postretirement benefit obligations | <u>631,000</u> | <u>991,000</u> |
| | | |
| Total plan benefit obligations | <u>\$ 631,000</u> | <u>\$ 991,000</u> |

See notes to financial statements.

Unitarian Universalist Organizations Health Plan

**Statements of Changes in Plan Benefit Obligations
Years Ended June 30, 2016 and 2015**

| | <u>2016</u> | <u>2015</u> |
|---|--------------------------|--------------------------|
| Amounts currently payable: | | |
| Balance at beginning of year | \$ 991,000 | \$ 893,000 |
| Claims incurred | 9,968,764 | 9,519,562 |
| Claims paid | <u>(10,328,764)</u> | <u>(9,421,562)</u> |
| Balance at end of year | <u>631,000</u> | <u>991,000</u> |
| | | |
| Total plan benefit obligations, at end of year | <u>\$ 631,000</u> | <u>\$ 991,000</u> |

See notes to financial statements.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Note 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 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 under non-Medicare Supplement policies, 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 based on an estimate of time incurred.

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.

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

CDS Administrators, Inc. ("CDS") collects the premiums of the Plan.

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

Eastern Bank and its affiliate, Eastern Wealth Management, Inc. serves the Plan as custodian of Plan investments and investment manager, respectively.

Benefits: The Plan provides health insurance benefits to participants pursuant to an insurance contract with Highmark. The Plan offers four 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.

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.

An eligible employee is 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.

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.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Note 1. Description of Plan (Continued)

Eligible dependents allowed to participate in the Plan include the following: (i) a spouse under a legally valid marriage; (ii) an unmarried natural, step or adopted child that is under 26 or of any age if the child or children are physically or mentally incapable of caring for themselves due to certain disabilities; 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.”

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”), a division of Highmark, 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 2014 | 500,000 | 1,000,000 | Unlimited |
| Calendar year 2015 | 500,000 | Unlimited | Unlimited |
| Calendar year 2016 | 500,000 | Unlimited | Unlimited |

The Plan did not experience claim losses at a per participant level or at the Plan level in excess of the respective deductibles during the Plan years ended June 30, 2016 and 2015.

Administrative expenses: The Plan absorbs all administrative expenses of the Plan, such as services provided by employees of the UUA to the Plan and rent. Audit fees, consulting fees and legal fees incurred are also paid by the plan and are classified as professional fees on the statements of changes in net assets available for plan benefits. Expenses paid directly by the Plan also include those related to third-party claims administration, premiums collection, actuarial services, investment management services, and COBRA coverage under the Plan and are classified as external plan administration fees on the statements of changes in net assets available for plan benefits.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies

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").

Use of estimates: The preparation of the financial statements in conformity with U.S. GAAP requires the Plan'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, 2016, 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.

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, 2016 and 2015 total \$83,246 and \$80,456, respectively, and represent amounts due from subscribing employer congregations and subscribing individuals 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 claim 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.

Valuation of investments and income recognition: The Plan's 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. 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 future. 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.

Payment of benefits: Claims payments are recorded when paid by Highmark. Amounts due to Highmark that have yet to be reimbursed by the Plan are included in accounts payable and accrued expenses in the accompanying statements of net assets available for plan benefits.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Claims payable and claims incurred but not reported: Plan obligations at June 30, 2016 and 2015 for claims payable and 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 \$631,000 and \$991,000 of estimated claims payable and claims incurred but not reported for all active participants at June 30, 2016 and 2015, respectively.

Income taxes: Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan. The Plan Sponsor 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 June 30, 2013.

Reclassification: Certain deductions on the statement of changes in net assets available for plan benefits for the year ended June 30, 2015 have been reclassified for comparative purposes to conform to the presentation of the financial statements for the year ended June 30, 2016. Total deductions are unchanged due to this reclassification.

Note 3. Fair Value Measurements

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.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Note 3. Fair Value Measurements (Continued)

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, 2016 and 2015.

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.

Equity securities and exchange traded funds: The fair value of equity securities and exchange traded funds is the market value based on quoted market prices reported on the active market on which the individual securities are traded. These securities are categorized in Level 1 of the fair value hierarchy as they have observable inputs

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 and corporate bonds: Government agency securities and corporate bonds 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 tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2016 and 2015.

Assets at fair value at June 30, 2016:

| | Balance as of June 30, 2016 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---------------------------------|--------------------------------|---|---|--|
| Money market fund | \$ 57,754 | \$ 57,754 | \$ - | \$ - |
| Equity securities | 545,703 | 545,703 | - | - |
| Exchange traded funds | 166,462 | 166,462 | - | - |
| Corporate bonds | 462,036 | - | 462,036 | - |
| Government agency securities | 943,754 | - | 943,754 | - |
| Certificates of deposit | 1,074,506 | - | 1,074,506 | - |
| Total investments at fair value | <u>\$ 3,250,215</u> | <u>\$ 769,919</u> | <u>\$ 2,480,296</u> | <u>\$ -</u> |

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Note 3. Fair Value Measurements (Continued)

Assets at fair value at June 30, 2015:

| | Balance as of June 30, 2015 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---------------------------------|--------------------------------|---|---|--|
| Money market fund | \$ 206,067 | \$ 206,067 | \$ - | \$ - |
| Government agency securities | 1,417,715 | - | 1,417,715 | - |
| Certificates of deposit | 2,443,608 | - | 2,443,608 | - |
| Total investments at fair value | <u>\$ 4,067,390</u> | <u>\$ 206,067</u> | <u>\$ 3,861,323</u> | <u>\$ -</u> |

Note 4. 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 Plan 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 Plan Sponsor believes that the Plan is currently designed and being operated in compliance with applicable requirements of the Code.

Note 5. 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 charged by the UUA to the Plan totaled \$374,416 and \$345,377 for the years ended June 30, 2016 and 2015, respectively. Investments of the Plan include a money market fund managed by Eastern Bank, the custodian of the Plan. Contributions for the group insurance plan are collected by CDS and held by the Plan until remitted to the other plans on a monthly basis. These transactions qualify as party-in-interest transactions as that term is defined in Section 3(14) of ERISA.

Note 6. 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.

Note 7. Plan Benefit Obligations and Changes in Plan Benefit Obligations

The Plan Sponsor, with the advice from the Plan's Actuary, determined that postretirement benefit obligations, if any, 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, 2016 and 2015.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Note 8. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for plan benefits per the accompanying financial statements to the Form 5500 as of June 30, 2016 and 2015:

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Net assets available for plan benefits per the financial statements | \$ 3,837,597 | \$ 4,554,612 |
| Less claims payable and claims incurred but not reported | (631,000) | (991,000) |
| Net assets available for plan benefits per Form 5500 | <u>\$ 3,206,597</u> | <u>\$ 3,563,612</u> |

The following is a reconciliation of the net decrease per the financial statements to the net decrease per the Form 5500 for the plan years ended June 30, 2016 and 2015:

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Net decrease per the financial statements | \$ (717,015) | \$ (337,544) |
| Claims payable and claims incurred but not reported in current year | (631,000) | (991,000) |
| Claims payable and claims incurred but not reported in prior year | 991,000 | 893,000 |
| Net decrease per Form 5500 | <u>\$ (357,015)</u> | <u>\$ (435,544)</u> |

Note 9. 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 plan benefits.

Note 10. Subsequent Events

The Company has evaluated subsequent events through January 26, 2017, the date which the financial statements were available to be issued. There were no additional matters requiring accrual or disclosure in the financial statements.

Unitarian Universalist Organizations Health Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
June 30, 2016

Employer Identification Number: 20-8079417
Plan Number: 501

| (a) | (b) | (c) | | | | (d) | (e) |
|---|------------------------|---------------------------|---------------------|------------|-----------------------------|------------|------------------|
| | | Description of Investment | | | | | |
| Identity of Issue, Borrower, Lessor or Similar Party | Type of Investment | Maturity Date | Rate of Interest | Collateral | Par or Maturity Value | Cost | Current Value |
| Goldman Sachs Bank | Certificate of Deposit | 9/3/2020 | 2.35% | n/a | \$ 200,000 | \$ 200,000 | \$ 206,458 |
| Discover Bank | Certificate of Deposit | 4/2/2019 | 1.90% | n/a | 150,000 | 150,000 | 153,495 |
| Compass Bank | Certificate of Deposit | 10/2/2018 | 2.00% | n/a | 150,000 | 150,000 | 153,143 |
| CIT Bank | Certificate of Deposit | 8/17/2016 | 1.80% | n/a | 150,000 | 150,000 | 150,231 |
| Celtic Bank | Certificate of Deposit | 12/20/2019 | 2.05% | n/a | 100,000 | 100,000 | 103,372 |
| Enerbank USA | Certificate of Deposit | 8/28/2020 | 2.25% | n/a | 75,000 | 75,000 | 77,612 |
| Barclays Bank | Certificate of Deposit | 8/20/2020 | 2.35% | n/a | 75,000 | 75,000 | 77,576 |
| Compass Bank | Certificate of Deposit | 9/18/2018 | 1.95% | n/a | 75,000 | 75,000 | 76,526 |
| Goldman Sachs Bank | Certificate of Deposit | 1/28/2020 | 2.00% | n/a | 25,000 | 25,000 | 25,636 |
| Discover Bank | Certificate of Deposit | 12/4/2017 | 1.45% | n/a | 25,000 | 25,000 | 25,257 |
| Goldman Sachs Bank | Certificate of Deposit | 12/4/2017 | 1.45% | n/a | 25,000 | 25,000 | 25,200 |
| Intel Corp. | Corporate bond | 10/1/2021 | 3.30% | n/a | 50,000 | 51,502 | 54,207 |
| Fluor Cor. | Corporate bond | 9/15/2020 | 3.38% | n/a | 50,000 | 52,035 | 53,169 |
| Kellogg, Inc. | Corporate bond | 5/21/2018 | 3.25% | n/a | 50,000 | 51,388 | 51,875 |
| John Deere Capital Corp. | Corporate bond | 4/17/2019 | 2.25% | n/a | 50,000 | 50,577 | 51,383 |
| Morgan Stanley | Corporate bond | 6/16/2020 | 2.80% | n/a | 50,000 | 50,352 | 51,231 |
| Ecolab, Inc. | Corporate bond | 1/12/2020 | 2.25% | n/a | 50,000 | 50,000 | 50,899 |
| Laboratory Corp. of America | Corporate bond | 11/1/2018 | 2.50% | n/a | 50,000 | 50,451 | 50,791 |
| NYSE Euronext | Corporate bond | 10/5/2017 | 2.00% | n/a | 50,000 | 50,443 | 50,754 |
| EMC Corp. | Corporate bond | 6/1/2020 | 2.65% | n/a | 50,000 | 50,614 | 47,727 |
| Apple | Equity security | n/a | n/a | n/a | n/a | 32,824 | 29,636 |
| Chevron Corp. | Equity security | n/a | n/a | n/a | n/a | 24,288 | 26,522 |
| Alphabet, Inc. CL A | Equity security | n/a | n/a | n/a | n/a | 21,953 | 21,106 |
| Emerson Electric Co. | Equity security | n/a | n/a | n/a | n/a | 20,914 | 21,072 |
| Becton Dickinson Co. | Equity security | n/a | n/a | n/a | n/a | 16,995 | 19,164 |
| Costco Wholesale Corp. | Equity security | n/a | n/a | n/a | n/a | 17,735 | 18,531 |
| Analog Devices | Equity security | n/a | n/a | n/a | n/a | 16,447 | 16,652 |
| Cardinal Health, Inc. | Equity security | n/a | n/a | n/a | n/a | 17,807 | 16,538 |
| Coca-Cola Co. | Equity security | n/a | n/a | n/a | n/a | 15,106 | 15,865 |
| Walt Disney Productions | Equity security | n/a | n/a | n/a | n/a | 16,605 | 15,847 |
| Celgene Corp. | Equity security | n/a | n/a | n/a | n/a | 17,491 | 15,485 |
| Conocophillips | Equity security | n/a | n/a | n/a | n/a | 16,415 | 15,347 |
| Amgen, Inc. | Equity security | n/a | n/a | n/a | n/a | 15,246 | 15,215 |
| Bank America Corp. | Equity security | n/a | n/a | n/a | n/a | 16,701 | 14,756 |
| Chubb Ltd. | Equity security | n/a | n/a | n/a | n/a | 12,284 | 14,640 |
| Home Depot, Inc. | Equity security | n/a | n/a | n/a | n/a | 12,729 | 13,280 |
| Salesforce.Com | Equity security | n/a | n/a | n/a | n/a | 11,837 | 13,182 |
| Allstate Corp. | Equity security | n/a | n/a | n/a | n/a | 12,487 | 12,941 |
| Visa, Inc. | Equity security | n/a | n/a | n/a | n/a | 12,745 | 12,906 |
| Starbucks Corp. | Equity security | n/a | n/a | n/a | n/a | 12,256 | 12,338 |
| Stryker Corp. | Equity security | n/a | n/a | n/a | n/a | 9,889 | 12,223 |
| Johnson & Johnson | Equity security | n/a | n/a | n/a | n/a | 9,606 | 11,766 |
| J P Morgan Chase & Co. | Equity security | n/a | n/a | n/a | n/a | 10,714 | 10,688 |
| General Elec Co. | Equity security | n/a | n/a | n/a | n/a | 9,221 | 10,609 |
| Duke Energy Corp. | Equity security | n/a | n/a | n/a | n/a | 8,984 | 10,122 |
| Walgreens Boots Alliance, Inc. | Equity security | n/a | n/a | n/a | n/a | 10,274 | 10,076 |
| Verizon Communications, Inc. | Equity security | n/a | n/a | n/a | n/a | 8,319 | 9,940 |

Unitarian Universalist Organizations Health Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
June 30, 2016

Employer Identification Number: 20-8079417
Plan Number: 501

| (a) | (b) | (c) | | | | | (d) | (e) |
|---|-------------------------|---------------------------|---------------------|------------|-----------------------------|---------|------------------|---------------------|
| | | Description of Investment | | | | | | |
| Identity of Issue, Borrower, Lessor or Similar Party | Type of Investment | Maturity Date | Rate of Interest | Collateral | Par or Maturity Value | Cost | Current Value | |
| Fedex Corp. | Equity security | n/a | n/a | n/a | n/a | 9,598 | 9,866 | |
| SPDR Consumer Discretionary Sector | Equity security | n/a | n/a | n/a | n/a | 9,146 | 9,445 | |
| Xcel Energy, Inc. | Equity security | n/a | n/a | n/a | n/a | 7,536 | 9,270 | |
| Suntrust Banks | Equity security | n/a | n/a | n/a | n/a | 8,925 | 9,243 | |
| Alcoa, Inc. | Equity security | n/a | n/a | n/a | n/a | 10,312 | 9,112 | |
| Time Warner, Inc. | Equity security | n/a | n/a | n/a | n/a | 8,044 | 8,384 | |
| Dow Chemical Co. | Equity security | n/a | n/a | n/a | n/a | 7,742 | 8,152 | |
| Ford Motor Co. | Equity security | n/a | n/a | n/a | n/a | 8,653 | 8,069 | |
| Kimberly Clark Corp. | Equity security | n/a | n/a | n/a | n/a | 6,934 | 7,974 | |
| Procter & Gamble Co. | Equity security | n/a | n/a | n/a | n/a | 7,095 | 7,959 | |
| Morgan Stanley | Equity security | n/a | n/a | n/a | n/a | 9,381 | 7,768 | |
| Merck & Co., Inc. | Equity security | n/a | n/a | n/a | n/a | 7,131 | 7,662 | |
| Alphabet, Inc. CL C | Equity security | n/a | n/a | n/a | n/a | 7,823 | 7,613 | |
| Invesco Ltd. | Equity security | n/a | n/a | n/a | n/a | 9,139 | 7,177 | |
| PayPal Holdings, Inc. | Equity security | n/a | n/a | n/a | n/a | 4,892 | 5,111 | |
| Wells Fargo & Co. | Equity security | n/a | n/a | n/a | n/a | 3,622 | 3,360 | |
| SPDR Technology Index | Equity security | n/a | n/a | n/a | n/a | 1,519 | 1,605 | |
| Facebook CL A | Equity security | n/a | n/a | n/a | n/a | 1,451 | 1,486 | |
| SPDR Barclays High Yield Bond ETF | Exchange traded fund | n/a | n/a | n/a | n/a | 101,997 | 102,216 | |
| iShares Floating Rate Bond ETF | Exchange traded fund | n/a | n/a | n/a | n/a | 53,524 | 53,607 | |
| iShares Intermediate Credit Bond | Exchange traded fund | n/a | n/a | n/a | n/a | 5,802 | 6,008 | |
| iShares 7-10 Year Treasury Bond | Exchange traded fund | n/a | n/a | n/a | n/a | 4,460 | 4,631 | |
| Federal Farm Credit Bank | Governmental Obligation | 10/28/2016 | 1.70% | n/a | 250,000 | 250,007 | 251,020 | |
| Federal Farm Credit Bank | Governmental Obligation | 9/12/2019 | 2.53% | n/a | 200,000 | 204,110 | 210,581 | |
| Federal Home Loan Bank | Governmental Obligation | 6/9/2017 | 1.35% | n/a | 100,000 | 100,651 | 150,587 | |
| Federal Home Loan Bank | Governmental Obligation | 11/30/2017 | 1.35% | n/a | 75,000 | 75,254 | 101,074 | |
| Federal Farm Credit Bank | Governmental Obligation | 6/28/2019 | 2.02% | n/a | 75,000 | 75,214 | 77,494 | |
| Federal Home Loan Bank | Governmental Obligation | 3/9/2018 | 2.38% | n/a | 75,000 | 77,083 | 77,123 | |
| Federal Home Loan Bank | Governmental Obligation | 3/9/2018 | 1.38% | n/a | 75,000 | 74,811 | 75,875 | |
| * Federated Government Obligation Tax Managed Fund | Money Market Fund | n/a | 0.01% | n/a | 57,754 | 57,754 | 57,754 | |
| | | | | | | | | <u>\$ 3,250,215</u> |

* Represents a party-in-interest to the Plan