

Unitarian Universalist Organizations Health Plan

Financial Statements
and
Supplemental Schedule

Years Ended June 30, 2012 and 2011

Unitarian Universalist Organizations Health Plan

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULE
Years Ended June 30, 2012 and 2011

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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, 2012 and 2011, 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, 2012 and 2011, 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.

The supplemental schedule of assets held at year end as of June 30, 2012 is presented for the purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the United States Department of Labor 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.

McGladrey LLP

December 17, 2012
Boston, Massachusetts

Unitarian Universalist Organizations Health Plan

Statements of Net Assets Available for Plan Benefits

June 30, 2012 and 2011

	2012	2011
ASSETS		
Investments, at fair value:		
Governmental agency securities	\$ 2,547,996	\$ 1,933,729
Certificates of deposit	2,515,226	1,346,179
Money markets funds	278,398	73,302
Total investments	<u>5,341,620</u>	<u>3,353,210</u>
Receivables:		
Subscribing employers	74,731	54,696
Subscribing individuals	32,027	23,441
	<u>106,758</u>	<u>78,137</u>
Other assets:		
Cash and cash equivalents	324,343	2,239,923
Prepaid claim deposit	164,900	143,800
	<u>489,243</u>	<u>2,383,723</u>
 Total assets	 <u>5,937,621</u>	 <u>5,815,070</u>
LIABILITIES		
Prepaid contributions	96,764	32,380
Accounts payable and accrued expenses	401,969	128,981
Due to Group Insurance Plan	117,157	512,906
Total liabilities	<u>615,890</u>	<u>674,267</u>
 Net assets available for plan benefits	 <u>\$ 5,321,731</u>	 <u>\$ 5,140,803</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, 2012 and 2011

	2012	2011
Investment income (loss):		
Interest income and dividends	\$ 57,224	\$ 35,483
Net appreciation (depreciation) in fair value of investments	39,401	(5,074)
	<u>96,625</u>	<u>30,409</u>
Contributions:		
Contributions from subscribing employers	5,923,540	5,496,965
Contributions from participants	2,538,660	2,355,842
Plan prescription rebate	27,848	42,265
	<u>8,490,048</u>	<u>7,895,072</u>
	<u>8,586,673</u>	<u>7,925,481</u>
Deductions from net assets attributed to:		
Benefits paid to or on behalf of participants and beneficiaries	7,444,506	4,854,000
Premiums paid to insurance carriers for excess loss coverage	199,938	290,246
Plan administration fees	416,314	399,654
Administrative expenses	261,177	260,664
Professional fees	83,810	103,331
Total deductions	<u>8,405,745</u>	<u>5,907,895</u>
Net increase	180,928	2,017,586
Net assets available for plan benefits:		
Beginning of year	<u>5,140,803</u>	<u>3,123,217</u>
End of year	<u>\$ 5,321,731</u>	<u>\$ 5,140,803</u>

See notes to financial statements.

Unitarian Universalist Organizations Health Plan

Statements of Plan Benefit Obligations

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Amounts currently payable:		
Claims incurred but not reported	\$ 1,044,000	\$ 828,000
Total obligations other than postretirement benefit obligations	<u>1,044,000</u>	<u>828,000</u>
Total plan benefit obligations	<u>\$ 1,044,000</u>	<u>\$ 828,000</u>

See notes to financial statements.

Unitarian Universalist Organizations Health Plan

Statements of Changes in Plan Benefit Obligations

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Amounts currently payable:		
Balance at beginning of year	\$ 828,000	\$ 610,100
Claims incurred	7,660,506	5,071,900
Claims paid	<u>(7,444,506)</u>	<u>(4,854,000)</u>
Balance at end of year	<u>1,044,000</u>	<u>828,000</u>
Total plan benefit obligations, at end of year	<u>\$ 1,044,000</u>	<u>\$ 828,000</u>

See notes to financial statements.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

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 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.

Collection of premiums of the Plan historically had been delegated to eBDS, a division of Highmark. Effective June 2011, collection of premiums of the Plan has been delegated to CDS Administrators, Inc ("CDS").

Certain administrative expenses, including administrative services fees paid to Highmark and CDS, were paid directly by the Plan during the Plan years ended June 30, 2012 and 2011.

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

Prior to December 29, 2011, Charles Schwab & Co, Inc. served the Plan as custodian of Plan investments. Effective December 29, 2011, custody of the Plan investments was transferred to Eastern Bank and its affiliate, Eastern Wealth Management, Inc. now serves as the investment manager.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

1. DESCRIPTION OF PLAN...continued

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.

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.

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.

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 subscribing¹ 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.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

1. DESCRIPTION OF PLAN...continued

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.

	<u>Deductible Per Participant</u>	<u>Maximum Benefit Coverage Per Participant</u>	<u>Maximum Benefit Coverage For the Plan</u>
Calendar year 2010	\$ 200,000	\$1,000,000	\$ 1,800,000
Calendar year 2011	\$ 300,000	\$1,000,000	\$ 1,700,000
Calendar year 2012	\$ 500,000	\$1,000,000	\$ 1,500,000

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, 2012 and 2011.

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, premiums collection, 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").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

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, 2012, 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, 2012 and 2011 total \$106,758 and \$78,137 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 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.

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 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.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

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, 2012 and 2011 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 \$1,044,000 and \$828,000 of estimated claims incurred but not reported for all active participants at June 30, 2012 and 2011, 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 2008.

3. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements Adopted

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2010-06 "Fair Value Measurements and Disclosures – Improving Disclosures about Fair Value Measurements", which required new disclosures about transfers of financial assets and liabilities between Levels 1 and 2. ASU 2010-06 also clarified that fair value measurement disclosures are required for each class of financial assets and liabilities, and disclosures about inputs and valuation techniques are required for both Level 2 and Level 3 measurements. These requirements were implemented in 2010. It further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances, and settlements instead of netting these changes. The guidance related to Level 3 reconciliation measurements is effective for periods beginning on or after December 15, 2010, and has been adopted.

Accounting Pronouncements Not Yet Effective

In May 2011, the FASB issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS". ASU 2011-04 amended ASC 820, "Fair Value Measurement", to converge the fair value measurement guidance in GAAP and International Financial Reporting Standards (IFRS). 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.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

4. NON-PARTICIPANT DIRECTED INVESTMENTS

The following table presents the fair value of Plan investments at June 30, 2012 and 2011. Investments that represent five percent or more of the Plan's net assets are identified separately.

	<u>2012</u>	<u>2011</u>
Money market funds:		
Eastern Bank Federal Government		
Obligation Tax Managed Fund	\$ 278,398	\$ -
Other	-	73,302
Government agency securities	2,547,996	1,933,729
Certificates of deposit	<u>2,515,226</u>	<u>1,346,179</u>
Total investments at fair value	<u>\$ 5,341,620</u>	<u>\$ 3,353,210</u>

During the years ended June 30, 2012 and 2011, the Plan's investments (including investments bought, sold, as well as held, during the year) appreciated (depreciated) in fair value as follows:

	<u>2012</u>	<u>2011</u>
Net appreciation (depreciation) in fair value:		
Certificates of deposit	\$ 39,401	\$ (5,074)
	<u>\$ 39,401</u>	<u>\$ (5,074)</u>

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.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

5. FAIR VALUE DISCLOSURE...continued

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, 2012 and 2011.

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.

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.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

5. FAIR VALUE DISCLOSURE...continued

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2012 and 2011.

Assets at fair value at June 30, 2012:

	Balance as of June 30, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 278,398	\$ 278,398	\$ -	\$ -
Government agency securities	2,547,996	-	2,547,996	-
Certificates of deposit	2,515,226	-	2,515,226	-
Total investments at fair value	\$ 5,341,620	\$ 278,398	\$ 5,063,222	\$ -

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	1,346,179	-	1,346,179	-
Total investments at fair value	\$ 3,353,210	\$ 73,302	\$ 3,279,908	\$ -

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 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. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

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 \$261,177 and \$260,664 for the years ended June 30, 2012 and 2011, 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.

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, 2012 and 2011.

10. 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Net assets available for plan benefits per the financial statements	\$ 5,321,731	\$ 5,140,803
Less - claims incurred but not reported	<u>(1,044,000)</u>	<u>(828,000)</u>
Net assets available for plan benefits per Form 5500	<u>\$ 4,277,731</u>	<u>\$ 4,312,803</u>

Unitarian Universalist Organizations Health Plan

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500...continued

The following is a reconciliation of the net increase per the financial statements to the net increase (decrease) per the Form 5500 for the plan years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Net increase per the financial statements	\$ 180,928	\$ 2,017,586
Claims incurred but not reported 2012	(1,044,000)	(828,000)
Claims incurred but not reported 2011	<u>828,000</u>	<u>610,100</u>
Net increase (decrease) per Form 5500	<u>\$ (35,072)</u>	<u>\$ 1,799,686</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 December 17, 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.

SUPPLEMENTAL SCHEDULE

Unitarian Universalist 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, 2012

(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
Huntington National Bank	Certificate of Deposit	8/6/2013	1.60%	n/a	235,000	\$ 235,000	\$ 238,290
American Express Centurion Bank	Certificate of Deposit	11/13/2012	0.65%	n/a	225,000	225,000	225,045
Bank West San Francisco	Certificate of Deposit	9/7/2016	1.65%	n/a	200,000	200,000	200,680
Goldman Sachs	Certificate of Deposit	8/25/2014	1.15%	n/a	200,000	200,000	199,960
Ally Bank	Certificate of Deposit	10/9/2012	0.65%	n/a	175,000	175,000	175,105
Safra National Bank	Certificate of Deposit	12/17/2012	0.55%	n/a	175,000	175,000	174,773
CIT Bank	Certificate of Deposit	8/17/2016	1.80%	n/a	150,000	150,000	150,600
Discover Bank	Certificate of Deposit	3/10/2014	1.30%	n/a	150,000	150,000	150,510
Cardinal Bank National Association	Certificate of Deposit	8/26/2015	1.20%	n/a	150,000	150,000	150,150
Barclays	Certificate of Deposit	12/29/2015	1.60%	n/a	150,000	150,000	148,845
Compass Bank Birmingham	Certificate of Deposit	4/1/2013	8.00%	n/a	125,000	125,000	125,000
GE Capital Retail Bank	Certificate of Deposit	7/15/2015	1.65%	n/a	100,000	100,000	100,140
BMW Bank North America	Certificate of Deposit	12/1/2015	1.80%	n/a	100,000	100,000	99,490
GE Capital Retail Bank	Certificate of Deposit	7/15/2016	1.95%	n/a	75,000	75,000	75,368
Discover Bank	Certificate of Deposit	8/31/2016	1.80%	n/a	75,000	75,000	75,270
CIT Bank	Certificate of Deposit	2/24/2016	1.65%	n/a	75,000	75,000	75,120
BMW Bank North America	Certificate of Deposit	1/14/2015	1.70%	n/a	50,000	50,000	50,475
GE Money	Certificate of Deposit	8/12/2016	1.85%	n/a	50,000	50,000	50,205
Ally Bank	Certificate of Deposit	8/17/2016	1.85%	n/a	50,000	50,000	50,200
Federal Farm Credit Bank	Governmental Obligation	10/28/2016	1.70%	n/a	250,000	250,010	258,825
Federal Home Loan Bank	Governmental Obligation	9/11/2015	1.75%	n/a	250,000	249,923	258,350
Federal Home Loan Bank	Governmental Obligation	9/12/2014	1.38%	n/a	250,000	250,010	255,140
Federal Home Loan Bank	Governmental Obligation	9/13/2013	1.00%	n/a	250,000	249,650	252,092
Federal Farm Credit Bank	Governmental Obligation	9/24/2013	0.92%	n/a	200,000	200,010	201,408
Federal Farm Credit Bank	Governmental Obligation	7/28/2014	1.50%	n/a	150,000	150,010	153,447
Federal Farm Credit Bank	Governmental Obligation	7/8/2013	1.10%	n/a	150,000	150,246	151,186
Federal Home Loan Bank	Governmental Obligation	5/29/2013	0.98%	n/a	150,000	150,010	151,078
Federal Home Loan Bank	Governmental Obligation	2/27/2017	1.05%	n/a	150,000	149,888	151,002
Federal Home Loan Bank	Governmental Obligation	4/20/2015	1.25%	n/a	100,000	100,881	102,018
Federal Home Loan Bank	Governmental Obligation	11/20/2017	1.35%	n/a	100,000	100,875	101,410
Federal Farm Credit Bank	Governmental Obligation	11/26/2013	0.92%	n/a	100,000	100,010	100,798
Federal Farm Credit Bank	Governmental Obligation	11/19/2012	0.55%	n/a	100,000	100,010	100,144
Federal Home Loan Bank	Governmental Obligation	12/22/2014	1.38%	n/a	80,000	79,135	81,764
Federal Home Loan Bank	Governmental Obligation	12/11/2015	1.38%	n/a	75,000	75,392	76,952
Federal Home Loan Bank	Governmental Obligation	12/12/2014	1.25%	n/a	75,000	75,875	76,232
Federal Home Loan Bank	Governmental Obligation	3/9/2018	1.38%	n/a	75,000	74,811	76,150
* Eastern Bank Fed Government Obligation Tax Managed Fund	Money Market Fund	n/a	0.01%	n/a	278,398	278,398	278,398

\$5,341,620

* Represents a party-in-interest to the Plan