UNIVERSAL FELLOWSHIP OF METROPOLITAN COMMUNITY CHURCHES
DEFINED BENEFIT PLAN AND TRUST
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016
# Table of Contents

**INDEPENDENT AUDITOR’S REPORT**

1 – 2

**FINANCIAL STATEMENTS**

- Statements of Net Assets Available for Plan Benefits: 3
- Statements of Changes in Net Assets Available for Plan Benefits: 4
- Statements of Accumulated Plan Benefits: 5
- Statements of Changes in Accumulated Plan Benefits: 6
- Notes to Financial Statements: 7 – 17
INDEPENDENT AUDITOR’S REPORT

Board of Pensions (USA)
Universal Fellowship of Metropolitan Community Churches
Defined Benefit Plan and Trust

Report on the Financial Statements

We have audited the accompanying financial statements of Universal Fellowship of Metropolitan Community Churches Defined Benefit Plan and Trust (the “Plan”), which comprise the statements of net assets available for plan benefits and of accumulated plan benefits as of December 31, 2017 and 2016, the related statements of changes in net assets available for plan benefits and changes in accumulated plan benefits for the years ended December 31, 2017 and 2016, 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 Plan’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 Plan’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 December 31, 2017 and 2016, and the changes in its financial status for the years ended December 31, 2017 and 2016, in accordance with accounting principles generally accepted in the United States of America.

May 7, 2019
### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments, at fair value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>$42,341</td>
<td>$65,105</td>
</tr>
<tr>
<td>Equities</td>
<td>2,002,343</td>
<td>1,738,247</td>
</tr>
<tr>
<td>Mixed bonds</td>
<td>491,047</td>
<td>389,850</td>
</tr>
<tr>
<td>Registered investment companies</td>
<td>326,907</td>
<td>369,425</td>
</tr>
<tr>
<td><strong>Total investments at fair value</strong></td>
<td><strong>2,862,638</strong></td>
<td><strong>2,562,627</strong></td>
</tr>
<tr>
<td><strong>Net assets available for benefits</strong></td>
<td><strong>$2,862,638</strong></td>
<td><strong>$2,562,627</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## UNIVERSAL FELLOWSHIP OF METROPOLITAN COMMUNITY CHURCHES
### DEFINED BENEFIT PLAN AND TRUST
### STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
### For the Year Ended December 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additions to net assets attributed to</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net appreciation of investments</td>
<td>$311,438</td>
<td>$84,799</td>
</tr>
<tr>
<td>Dividend income</td>
<td>71,870</td>
<td>70,516</td>
</tr>
<tr>
<td><strong>Total investment income</strong></td>
<td>383,308</td>
<td>155,315</td>
</tr>
<tr>
<td>Church contributions</td>
<td>81,630</td>
<td>94,449</td>
</tr>
<tr>
<td><strong>Total additions to net assets</strong></td>
<td>464,938</td>
<td>249,764</td>
</tr>
<tr>
<td><strong>Deductions from net assets attributed to</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to participants</td>
<td>95,704</td>
<td>262,802</td>
</tr>
<tr>
<td>Investment expenses</td>
<td>13,083</td>
<td>12,751</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>56,140</td>
<td>67,280</td>
</tr>
<tr>
<td><strong>Total deductions from net assets</strong></td>
<td>164,927</td>
<td>342,833</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in net assets</strong></td>
<td>300,011</td>
<td>(93,069)</td>
</tr>
<tr>
<td><strong>Net assets available for benefits, beginning of year</strong></td>
<td>2,562,627</td>
<td>2,655,696</td>
</tr>
<tr>
<td><strong>Net assets available for benefits, end of year</strong></td>
<td>$2,862,638</td>
<td>$2,562,627</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### UNIVERSAL FELLOWSHIP OF METROPOLITAN COMMUNITY CHURCHES
### DEFINED BENEFIT PLAN AND TRUST
### STATEMENTS OF ACCUMULATED PLAN BENEFITS
### December 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actuarial present value of accumulated plan benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vested benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants not currently receiving payments</td>
<td>$ 2,003,710</td>
<td>$ 1,781,138</td>
</tr>
<tr>
<td>Total vested benefits</td>
<td>$ 2,003,710</td>
<td>$ 1,781,138</td>
</tr>
<tr>
<td>Non-vested benefits</td>
<td>139,050</td>
<td>124,848</td>
</tr>
<tr>
<td><strong>Total actuarial present value of accumulated plan benefits</strong></td>
<td>$ 2,142,760</td>
<td>$ 1,905,986</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial present value of accumulated plan benefits, beginning of year</td>
<td>$1,905,986</td>
<td>$2,065,367</td>
</tr>
<tr>
<td>Increase (decrease) attributable to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits accumulated</td>
<td>332,478</td>
<td>103,421</td>
</tr>
<tr>
<td>Benefits and returns paid</td>
<td>(95,704)</td>
<td>(262,802)</td>
</tr>
<tr>
<td>Net increase (decrease)</td>
<td>236,774</td>
<td>(159,381)</td>
</tr>
<tr>
<td>Actuarial present value of accumulated plan benefits, end of year</td>
<td>$2,142,760</td>
<td>$1,905,986</td>
</tr>
</tbody>
</table>
NOTE 1 – DESCRIPTION OF THE PLAN

The following description of the Universal Fellowship of Metropolitan Community Churches (the “UFMCC”) Defined Benefit Plan and Trust (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the provisions of the plan.

General
The Plan is a defined-benefit pension plan, established effective March 17, 1984 between the Universal Fellowship of Metropolitan Community Churches and the Board of Pensions of the Universal Fellowship of Metropolitan Community Churches as Trustees. Pension Services Corporation provides the actuarial services required by the Plan. The Plan was restated effective January 1, 2012 and again January 1, 2017 and received a favorable determination letter from the Internal Revenue Service (“IRS”). The restatement was a result of changes in pension law since the Plan was established with the goal of improving participant benefits under the terms of the Plan and equalizing Clergy and Church participation. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Eligibility
A Clergyperson is any person ordained in the UFMCC as a Clergyperson. A Clergyperson shall be either a currently ordained person whose status is in good standing or a person so designated on a lifetime basis. Any UFMCC clergy is eligible to participate in the Plan and Trust if he or she has been licensed for at least four consecutive years. If a clergy participant’s license is terminated and then later reinstated, the date of relicensing will serve as the date for eligibility to receive retirement benefits.

Effective January 1, 2012, previous mandatory clergy participant assessments of $120 per year (or $30 per quarter) to the UFMCC Pension Plan and Trust were suspended, and the Churches continued to contribute on behalf of the Clergy. Each church is assessed a UFMCC Contribution which is provided to the Board of Pensions for payment of clergy benefits. The assessed amount is $0.75 per church member per month payable quarterly. Starting in 2018, the amount will increase $0.25 per year through 2021.

Vesting, Withdrawal, and Forfeiture
Normal Retirement Date means the date when the Participant has attained age sixty-five or the tenth anniversary of his/her participation in the plan, whichever is later. Every clergy participant who reached normal retirement age while serving as UFMCC clergy is fully vested and entitled to a normal retirement pension. To be fully vested without reaching normal retirement age, the clergy participant vests as follows:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Percentage Vested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10</td>
<td>0%</td>
</tr>
<tr>
<td>10</td>
<td>100%</td>
</tr>
</tbody>
</table>
NOTE 1 – DESCRIPTION OF THE PLAN (Continued)

Vesting, Withdrawal, and Forfeiture (Continued)
If a clergy participant withdraws his or her mandatory clergy assessment, he or she can repay
the amount withdrawn, plus interest at the regulatory rate. If a clergy participant who is less
than 50 percent vested withdraws his or her contributions, they forfeit their right to the benefit
they would have also received as a result of the mandatory church assessment. However, if the
clergy participant is 50 percent or more vested, their right to the church’s mandatory
assessment cannot be denied them.

A clergy participant who ceases to be a UFMCC clergy is entitled to the actuarial present value
of his or her accrued benefits.

Investments
Investments are comprised of funds currently invested with Stifel, Nicolaus & Company, Inc.
These funds are held by the Board of Pensions. Certain management fees and operating
expenses are charged to the Plan related to investments.

Funding Policy
Contributions to the Plan are made solely by UFMCC. The amount of the contributions is
determined with reference to the amount deemed necessary, in accordance with generally
accepted actuarial methods, to provide the benefits due under the Plan. Forfeitures arising
under the Plan for any reason are applied to reduce the future cost of the Plan rather than to
increase benefits to which a participant may otherwise be entitled.

Further, the Plan and Trust may accept any contribution or donation or other object of value
from any individual, individuals, or entity as a gift or donation to the Plan and Trust. The value
of such amount shall be treated as income to the Trust and shall be utilized in the actuarial
valuation on the basis of being income.

The Plan’s actuary calculates the required contribution into the Plan in order to meet the
minimum funding requirement. For the Plan years under audit beginning January 1, 2017 and
2016, the actuary calculated the minimum contribution in order to make the Plan “fully funded”
to be $0 under the Fully Funded Limitation (“FFL”) rules, respectively. The actuary further
determined that the Plan met the minimum required contribution for the years beginning
January 1, 2017 and 2016, as prescribed by the IRS.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The accompanying financial statements of the Plan have been prepared on the accrual method of accounting and include the assets, liabilities and changes in net assets of the Plan, in conformity with accounting principles generally accepted in the United States of America.

Contributions by UFMCC are recognized in the period that UFMCC makes the contribution. Withdrawals from the Plan for participant distributions are recognized when the amounts are paid to the participant, except for cases where refunds are due to the participants in order for the Plan to conform to IRC provisions. In addition, investment income is recorded when received by Stifel, Nicolaus & Company, Inc.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of Plan assets available for benefits and the actuarial present value of accumulated plan benefits as of the date of the financial statements. Actual results could differ from those estimates. The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions used could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

Investment Valuation 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 3 for a discussion of fair value measurements.

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 or depreciation includes the Plan’s gains and losses on investments bought and sold, as well as held during the year.

Payment of Benefits
Benefits are recorded when paid. As of December 31, 2017 and 2016, there were no benefits payable to participants who elected to withdraw from the Plan.

Administrative Expenses
Certain expenses, such as audit fees, office space, administrative support and supplies, are absorbed by UFMCC.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Actuarial Present Value of Accumulated Plan Benefits
Accumulated Plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under the Plan’s provisions to the clergyperson based on services they have rendered. Accumulated Plan benefits include benefits expected to be paid to present, retired or terminated clergyperson or their beneficiaries, or beneficiaries of clergyperson who have died.

Benefits under the Plan are based on clergypersons’ compensation during their years of credited service. The accumulated plan benefits for active clergypersons are based on their average compensation during their years of credited service ending on the date of which the benefit information is presented (the valuation date). Benefits payable under all circumstances—retirement, death, disability, and termination of service—are included, to the extent they are deemed attributable to clergypersons’ service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated Plan benefits.

The actuarial present value of accumulated Plan benefits is determined by the actuary, Pension Services Corporation, and is the amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, withdrawal or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations were:

(a) Life expectancy of participants – 17E – 2017 and 16E – 2016 Applicable Mortality Table for 417(e) (unisex) Tables were used for the years ended December 31, 2017 and 2016, respectively.

(b) Retirement age assumptions (active participants below age 65 and vested terminated participants will retire at age 65; active participants age 65 and older will retire immediately),

(c) Investment return. The 2017 and 2016 valuations included assumed effective average rates of return of 5.93% and 5.99%, respectively.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements
In May 2015, FASB issued ASU No. 2015-07, Fair Value Measurement (Topic 850): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) ("ASU 2015-07"), which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 also limits certain disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. The amendments in ASU 2015-07 are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. This ASU will be effective for the Company for fiscal years beginning after December 15, 2016. The amendments in ASU 2015-07 should be applied retrospectively to all periods presented. The adoption of these rules did have a material effect on the disclosures in the Plan’s financial statements and was applied retrospectively to all periods presented.

Recently Issued Accounting Pronouncements
In February 2017, the FASB issued ASU No. 2017-06, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965) Employee Benefit Plan Master Trust Reporting. This Update improves the usefulness of the information reported to users of employee benefit plan financial statements and to provide clarity to preparers and auditors. The Update primarily relates to the reporting by an employee benefit plan for its interest in a master trust. The amendment of this Update clarifies presentation requirements for a plan’s interest in a master trust and requires more detailed disclosures of the plan’s interest in the master trust. The amendments also eliminate a redundancy relating to 401(h) account disclosures. The amendments of this Update are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Plan’s management does not believe the adoption of this guidance will have a material effect on the Plan’s financial statements.

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. This Update amends the disclosure of changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty among other disclosure adjustments. The amendments of this Update are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Plan’s management does not believe the adoption of this guidance will have a material effect on the Plan’s financial statements.
NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)
In August 2018, the FASB issued ASU No. 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans. This Update improves the effectiveness of disclosures in the notes to financial statements. The amendments in this Update remove disclosures that no longer are considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. The amendments of this Update are effective for fiscal years ending after December 15, 2021. Early adoption is permitted for all entities. An entity should apply the amendments in this Update on a retrospective basis to all periods presented. The Plan’s management does not believe the adoption of this guidance will have a material effect on the Plan’s financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (“ASC”) Topic No. 820, “Fair Value Measurements” (“ASC 820”), 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 for identical assets or liabilities in active markets that the Plan has the ability to access. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

The three levels of the fair value hierarchy under ASC 820 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.
NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

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. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Following are descriptions of the valuation methodologies used for assets measured at fair value:

**Cash equivalents:** Valued at the carrying value, which approximates fair value due to short-term nature of such instruments.

**Equities:** Valued at the closing price reported on the active market on which the individual stocks are traded.

**Mixed bonds:** Valued at fair value which is based on quoted prices in active markets.

**Registered investment companies:** Valued at the daily closing price as reported by the fund. Registered investment companies held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transfer at that price. The registered investment companies held by the Plan are deemed to be actively traded.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.
NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan’s assets at fair value as of December 31, 2017:

<table>
<thead>
<tr>
<th>Assets at Fair Value as of December 31, 2017</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$ 42,341</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 42,341</td>
</tr>
<tr>
<td>Equities</td>
<td>2,002,343</td>
<td>$ -</td>
<td>$ -</td>
<td>2,002,343</td>
</tr>
<tr>
<td>Mixed bonds</td>
<td>491,047</td>
<td>$ -</td>
<td>$ -</td>
<td>491,047</td>
</tr>
<tr>
<td>Registered investment companies</td>
<td>326,907</td>
<td>$ -</td>
<td>$ -</td>
<td>326,907</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,862,638</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 2,862,638</strong></td>
</tr>
</tbody>
</table>

The following table sets forth by level, within the fair value hierarchy, the Plan’s assets at fair value as of December 31, 2016:

<table>
<thead>
<tr>
<th>Assets at Fair Value as of December 31, 2016</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$ 65,105</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 65,105</td>
</tr>
<tr>
<td>Equities</td>
<td>1,738,247</td>
<td>$ -</td>
<td>$ -</td>
<td>1,738,247</td>
</tr>
<tr>
<td>Mixed bonds</td>
<td>389,850</td>
<td>$ -</td>
<td>$ -</td>
<td>389,850</td>
</tr>
<tr>
<td>Registered investment companies</td>
<td>369,425</td>
<td>$ -</td>
<td>$ -</td>
<td>369,425</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 2,562,627</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 2,562,627</strong></td>
</tr>
</tbody>
</table>

NOTE 4 – INTERNAL REVENUE SERVICE STATUS

The Plan obtained its latest determination letter on March 30, 2018, effective as of January 9, 2017, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (“IRC”). The Plan has not been amended since receiving the determination letter. As such, the Plan Administrator believes that the Plan as designed is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan’s financial statements.
NOTE 4 – INTERNAL REVENUE SERVICE STATUS (Continued)

U.S. GAAP requires plan management to evaluate tax provisions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would be sustained upon examination by the IRS. The Plan’s management has analyzed the tax positions taken by the Plan and concluded that, as of December 31, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or asset or disclosure on the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 5 – RISKS AND UNCERTAINTIES

The Plan invests in various securities, including registered investment companies. Investment securities, in general, are normally exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

Plan contributions are made and the actuarial present value of accumulated Plan benefits is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimates and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 6 – PLAN TERMINATION

Although it has not expressed any intention to do so, UFMCC has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

a. Benefits attributable to employer contributions, taking into account those paid out before termination.
NOTE 6 – PLAN TERMINATION (Continued)

b. Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination.

c. Vested benefits insured by the Pension Benefit Guaranty Corporation (the PBGC) (a United States governmental agency) up to the applicable limitations.

d. All other vested benefits (vested benefits not insured by the PBGC).

e. All non-vested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal-age retirement benefits, early retirement benefits, and certain disability and survivors’ pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan’s termination.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan’s net assets, to provide for accumulated benefit obligations and may also depend on the financial condition of UFMCC and the level of benefits guaranteed by the PBGC.

NOTE 7 – BENEFIT LIABILITY

The Plan provides retirement benefits to the clergy of member churches who qualify under the Plan provisions. An excerpt of the basic provisions includes the following conditions of clergy retirement benefits:

- Licensed 4 consecutive years
- “Years of Service” condition met
- The later of age 65 or Plan member for 10 years
- Various retirement options
NOTE 7 – BENEFIT LIABILITY (Continued)

An annual report is prepared for the Plan by Pension Services Corporation. Its reports as of December 31, 2017 and 2016 indicate the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding target</td>
<td>$1,606,785</td>
<td>$1,478,508</td>
</tr>
<tr>
<td>Target normal cost</td>
<td>89,170</td>
<td>87,652</td>
</tr>
<tr>
<td>Pre-funding balance</td>
<td>703,903</td>
<td>697,328</td>
</tr>
</tbody>
</table>

NOTE 8 – RELATED PARTY TRANSACTIONS

UFMCC, the Plan Administrator and the Plan’s investment manager are also considered parties-in-interest with respect to the Plan. As a result, these transactions qualify as “party-in-interest” transactions permitted by the United States Department of Labor’s Rules and Regulations.

NOTE 9 – SUBSEQUENT EVENTS

The Plan Administrator has evaluated subsequent events through May 7, 2019, the date the financial statements were available to be issued.