

# ***Unitarian Universalist Association***

*Financial Statements for the Years Ended  
June 30, 2004 and 2003, Supplemental  
Schedules by Business Segment as of and for Year  
Ended June 30, 2004, Supplemental Schedules for the  
General Investment Fund as of and for Year Ended  
June 30, 2004 and Independent Auditors' Reports*

# UNITARIAN UNIVERSALIST ASSOCIATION

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of the  
Unitarian Universalist Association  
Boston, Massachusetts

We have audited the accompanying statements of financial position of the Unitarian Universalist Association (the "Association") as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association'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, such financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

October 4, 2004

# UNITARIAN UNIVERSALIST ASSOCIATION

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2004 AND 2003

ASSETS	2004	2003	LIABILITIES AND NET ASSETS	2004	2003
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 5,167,782	\$ 7,368,539	Accounts payable and accrued expenses	\$ 4,940,628	\$ 5,415,279
Investments (Note 3)	10,163,074	5,122,057	Current portion of annuity liabilities	382,992	523,329
Accounts receivable—net	2,459,620	2,440,374	Current portion of bank debt	<u>3,471,509</u>	<u>439,145</u>
Inventories	1,180,691	1,215,839	Total current liabilities	8,795,129	6,377,753
Other current assets	<u>532,411</u>	<u>733,961</u>	BANK DEBT (Note 7)	173,676	3,858,185
Total current assets	19,503,578	16,880,770	ANNUITY LIABILITY AND DEFERRED REVENUE	2,593,322	2,470,885
ASSETS HELD IN TRUST FOR OTHERS (Note 2)	22,672,966	19,341,394	ASSETS HELD IN TRUST FOR OTHERS	22,672,966	19,341,394
ASSETS WHOSE USE IS LIMITED OR RESTRICTED (Note 2)	128,880,535	118,531,369	AMOUNTS DUE TO MEMBER CONGREGATIONS	57,636	70,627
LOANS TO MEMBER CONGREGATIONS—Net (Note 5)	2,740,268	3,622,474	ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (Note 10)	<u>1,654,517</u>	<u>1,614,320</u>
PROPERTY AND EQUIPMENT—Net (Note 6)	6,602,392	6,757,127	Total liabilities	<u>35,947,246</u>	<u>33,733,164</u>
ROYALTY ADVANCES	253,193	265,476	NET ASSETS:		
			Unrestricted	18,801,465	16,128,291
			Temporarily restricted	33,121,629	26,546,382
			Permanently restricted	<u>92,782,592</u>	<u>88,990,773</u>
			Total net assets	<u>144,705,686</u>	<u>131,665,446</u>
TOTAL ASSETS	<u>\$180,652,932</u>	<u>\$165,398,610</u>	TOTAL LIABILITIES AND NET ASSETS	<u>\$180,652,932</u>	<u>\$165,398,610</u>

See notes to financial statements.

# UNITARIAN UNIVERSALIST ASSOCIATION

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2004 AND 2003

	2004				2003			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>								
Fund-raising (APF, Friends and unrestricted gifts and bequests)	\$ 7,380.147	\$ -	\$ -	\$ 7,380.147	\$ 7,222.789	\$ -	\$ -	\$ 7,222.789
Administration fees	278.291			278.291	294.442			294.442
Investment income	1,055.442	994.113		2,049.555	1,075.026	1,035.193		2,110.219
Other income	2,023.241			2,023.241	1,095.716			1,095.716
Net sales from publishing activities	5,860.980			5,860.980	5,927.445			5,927.445
Distributions from Holdeen and Veatch and capital campaign contributions		3,534.401		3,534.401		4,710.633		4,710.633
General Assembly	1,081.584			1,081.584	1,581.863			1,581.863
Gifts and bequests		1,260.995	789.216	2,050.211	10,000	1,610.488	(665.691)	954.797
Net realized gains and losses on investments	3,899.482	6,364.095		10,263.577	(2,201.232)	(3,843.393)		(6,044.625)
Net change in unrealized gains and losses on investments	1,663.865	1,178.661		2,842.526	3,652.312	3,570.457		7,222.769
Net change in value of split-interest and master trust agreements		84.930	2,629.272	2,714.202		687.312	(1,641.731)	(954.419)
Net assets released from restrictions for programs	<u>6,468.617</u>	<u>(6,468.617)</u>		<u>-</u>	<u>7,945.995</u>	<u>(7,945.995)</u>		<u>-</u>
<b>Total support and revenue</b>	<u>29,711,649</u>	<u>6,948,578</u>	<u>3,418,488</u>	<u>40,078,715</u>	<u>26,604,356</u>	<u>(175,305)</u>	<u>(2,307,422)</u>	<u>24,121,629</u>
<b>EXPENSES:</b>								
Board and volunteer leadership	1,587.509			1,587.509	1,650.643			1,650.643
Advocacy and witness	2,065.211			2,065.211	2,361.734			2,361.734
Congregational services	2,355.629			2,355.629	2,339.423			2,339.423
District services	2,043.697			2,043.697	1,983.543			1,983.543
Identity-based ministries	512.027			512.027	434.120			434.120
Lifespan faith development	719.152			719.152	805.209			805.209
Ministry and professional development	2,716.703			2,716.703	2,767.409			2,767.409
Communications	1,688.306			1,688.306	1,732.843			1,732.843
Cost of goods sold and publishing expenses	5,231.670			5,231.670	5,336.993			5,336.993
Administration	1,163.134			1,163.134	1,227.410			1,227.410
Stewardship and development	1,586.146			1,586.146	1,646.280			1,646.280
Information technology services	1,150.724			1,150.724	1,072.242			1,072.242
Internal services	2,044.218			2,044.218	2,175.141			2,175.141
General Assembly	1,081.584			1,081.584	1,581.863			1,581.863
Expenses associated with investment pools	946.751			946.751	832.597	200.000		1,032.597
Interest expense	146.014			146.014	153.808			153.808
<b>Total expenses</b>	<u>27,038,475</u>	<u>-</u>	<u>-</u>	<u>27,038,475</u>	<u>28,101,258</u>	<u>200,000</u>	<u>-</u>	<u>28,301,258</u>
<b>Subtotal</b>	2,673.174	6,948.578	3,418.488	13,040.240	(1,496.902)	(375.305)	(2,307.422)	(4,179.629)
<b>OTHER CHANGES IN NET ASSETS</b>		<u>(373.331)</u>	<u>373,331</u>	<u>-</u>		<u>(22,735)</u>	<u>22,735</u>	<u>-</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	2,673,174	6,575,247	3,791,819	13,040,240	(1,496,902)	(398,040)	(2,284,687)	(4,179,629)
<b>NET ASSETS:</b>								
Beginning of year	<u>16,128,291</u>	<u>26,546,382</u>	<u>88,990,773</u>	<u>131,665,446</u>	<u>17,625,193</u>	<u>26,944,422</u>	<u>91,275,460</u>	<u>135,845,075</u>
End of year	<u>\$18,801,465</u>	<u>\$33,121,629</u>	<u>\$92,782,592</u>	<u>\$144,705,686</u>	<u>\$16,128,291</u>	<u>\$26,546,382</u>	<u>\$88,990,773</u>	<u>\$131,665,446</u>

See notes to financial statements.

# UNITARIAN UNIVERSALIST ASSOCIATION

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2004 AND 2003

	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	<u>\$ 13,040,240</u>	<u>\$ (4,179,629)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	498,118	497,015
Net change in unrealized gains and losses on investments	(2,842,526)	(7,222,769)
Net realized gains and losses on investments	(10,263,577)	6,044,625
Permanently restricted gifts	(789,216)	665,691
Net change in value of split-interest and master trust agreements	(2,714,202)	954,419
Change in operating assets and liabilities:		
Accounts receivable—net	(19,246)	318,732
Inventories—net	35,148	152,490
Other current assets	201,550	(228,698)
Royalty advances	12,283	147,654
Accounts payable and accrued expenses	(474,651)	1,119,138
Annuity liability and deferred revenue	(17,900)	(463,102)
Amounts due to member congregations	(12,991)	(12,358)
Accumulated postretirement benefit obligation	<u>40,197</u>	<u>26,985</u>
Total adjustments	<u>(16,347,013)</u>	<u>1,999,822</u>
Net cash used in operating activities	<u>(3,306,773)</u>	<u>(2,179,807)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Purchases) sales of investments—net	472,208	(1,898,774)
Decrease in assets whose use is limited or restricted	464,552	933,921
Purchases of property and equipment	(343,383)	(421,820)
Decrease (increase) in loans to member congregations	<u>375,568</u>	<u>(1,196,016)</u>
Net cash provided by (used in) investing activities	<u>968,945</u>	<u>(2,582,689)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of bank debt	(1,447,740)	(4,062,419)
Proceeds from bank debt	795,595	4,702,353
Permanently restricted gifts	<u>789,216</u>	<u>(665,691)</u>
Net cash provided by (used in) financing activities	<u>137,071</u>	<u>(25,757)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,200,757)</b>	<b>(4,788,253)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>7,368,539</u>	<u>12,156,792</u>
End of year	<u>\$ 5,167,782</u>	<u>\$ 7,368,539</u>

# UNITARIAN UNIVERSALIST ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2004 AND 2003

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General**—The accompanying financial statements have been prepared on the accrual basis of accounting and include the assets, liabilities, net assets and financial activities of the Unitarian Universalist Association (the “Association”). The primary purpose of the Association is to serve the needs of its member congregations, organize new congregations, extend and strengthen Unitarian Universalist institutions and implement its principles. The Association is composed of four business segments: Current, Beacon Press, Congregational Properties and Loan Commission (“CPLC”) and the General Investment Fund (“GIF”).

**Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**Cash and Cash Equivalents**—All highly liquid investments with a remaining maturity of three months or less at the date of acquisition by the Association are classified as cash equivalents unless held for long-term investment.

**Investments**—Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Investment income and realized and unrealized gains and losses on investments are recorded as support and revenue of unrestricted net assets unless the income or gains and losses are restricted by donor or law.

The Association and member congregations’ endowment and investment funds are combined and invested in the GIF. Activity in the GIF is accounted for using a unit method whereby ownership is based on the number of units held in relation to the total units of the pool. The unit market value for the GIF is determined on a quarterly basis and is derived by dividing the market value of the assets of the GIF at the end of a quarter by the number of units of the GIF. The purchase and redemption of GIF units is recorded on a quarterly basis using the unit market value.

GIF assets are invested by several outside investment managers in a wide array of investment vehicles in an effort to maximize the GIF total return, with the objective of minimizing risk through diversification. Income, net of expenses, is distributed quarterly based upon a 13-quarter rolling average market value.

Investments in securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the mean of the last quoted bid-and-asked price.

**Inventories**—Inventory is valued at the lower of cost (first-in, first-out) or market. Market value is determined by a write-down policy. Inventories include work-in-process and comprise production costs (copy editing, translation fees, proofreading, composition and plates) as well as paper, printing, and binding costs.

***Assets Held in Trust for Others***—Certain member congregations and affiliates have transferred funds to the Association under revocable investment agreements. The funds are invested by the Association, and income and net gains are distributed in accordance with the agreements. Terms of the agreements provide that funds may be invested or withdrawn at the end of any calendar quarter with 30 days' notice.

***Donor-Restricted Gifts***—Gifts are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted gifts and bequests whose restrictions are met within the year of receipt are reported as temporarily restricted gifts and bequests and net assets released from restrictions in the accompanying financial statements.

***Publishing Sales Recognition***—Sales are recorded upon shipment of books. Returns are accepted for as long as the book remains in print and are estimated at the time of sale by recording a return reserve.

***Other Changes in Net Assets***—The Association classifies gifts and bequests as unrestricted, temporarily restricted or permanently restricted based upon the donor's stipulation that limits the use of the donated assets.

***Outstanding Legacies***—From time to time, the Association is named as the beneficiary under various wills and trust agreements, the total realizable amounts of which are not immediately determinable. Such bequests are recorded when there is an irrevocable right to the bequest and the proceeds are determinable.

***Promises to Give***—Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in periods exceeding one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in gift and bequest revenue. Conditional promises to give are not included as support until the conditions are substantially met. Certain agreements stipulate that upon the beneficiary's death, a portion of the remainder reverts to parties other than the Association. The estimated liabilities due to these other beneficiaries have been recorded as assets held in trust for others.

***Split-Interest Agreements***—Split-interest agreements include (i) assets placed in trust for the benefit of the Association; (ii) contributions received which require payment of an annuity to a specified beneficiary; and (iii) contributions received which require payment of income earned on the investment of such contribution to a specified beneficiary. Assets are recorded at fair value when received. Obligations to beneficiaries, including deferred contribution revenue, are recorded at estimated fair value. Fair value of these obligations is based on the present value of the annual distribution specified in the agreements and the estimated life expectancy of the beneficiaries. The discounted rates used in the present value calculations is 6%. Initial contribution revenue is recognized based upon the present value of the net anticipated benefit. Subsequent changes in the net fair value are reported in "net change in value of split-interest and master trust agreements."



**Perpetual Trust Assets**—The Association accounts for its beneficial interests in perpetual trusts in conformity with the requirements of the Audit and Accounting Guide, *Not-for-Profit Organizations* (the “Guide”), issued by the American Institute of Certified Public Accountants. Under the terms of various trusts, the Association has the irrevocable and perpetual right to receive income earned on the trust assets but will never receive the principal. In accordance with the Guide, the fair value of the trust assets has been recorded as a permanently restricted net asset. Changes in the fair value of the trusts are reported as increases or decreases in permanently restricted net assets.

The largest of the trusts are those trusts established by Jonathan Holdeen (the “Holdeen Trusts”) which are used primarily for support of the Holdeen India Program and other charities designated by the Association’s Board of Trustees (the “Board”) under the terms of the trust. The remaining trusts have various other charitable purposes.

The fair value of perpetual trust assets are composed of the following at June 30:

	2004	2003
Holdeen Trusts	\$31,187,376	\$28,951,099
Other	<u>8,592,553</u>	<u>8,214,918</u>
Total (Note 2)	<u>\$39,779,929</u>	<u>\$37,166,017</u>

**Property and Equipment**—Property and equipment are recorded at cost. Depreciation is computed on a straight-line method over the estimated useful lives of the assets. Maintenance repairs and minor renewals are expensed as incurred, and renewals and betterments are capitalized.

**Impairment of Long-Lived Assets**—Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

**Royalty Advances**—Royalty advances are negotiated on a contract-by-contract basis and are recorded when paid. Royalties are earned and recorded when the sale occurs and are applied as a reduction to royalty advances. Write-offs to advances are recorded when it appears that advances are not expected to be recovered from future sales.

**Postretirement Benefits Other Than Pensions**—The Association accounts for postretirement benefits in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions.” SFAS No. 106 requires accrual of postretirement benefits (such as health care benefits) during the years an employee provides services.

**Temporarily Restricted Net Assets**—Temporarily restricted net assets are those whose use by the Association have been limited by donors for a specific period or purpose. The composition of temporarily restricted net assets as recorded on the statements of financial position at June 30 is as follows:

	2004	2003
Amounts restricted by donors for programs	\$ 3,577,354	\$ 4,046,366
Net realized and unrealized gains on temporarily and permanently restricted net assets	28,362,307	21,619,901
Amounts to be unrestricted in periods after June 30, 2004	<u>1,181,968</u>	<u>880,115</u>
	<u>\$ 33,121,629</u>	<u>\$ 26,546,382</u>

**Permanently Restricted Net Assets**—Permanently restricted net assets have been restricted by donors to be maintained by the Association in perpetuity, the income from which is expendable to support operations. The Association requires that realized and unrealized gains of permanently restricted net assets be retained in a temporarily restricted net asset classification until appropriated by the Board and expended. State law allows the Board of Trustees to appropriate as much net appreciation of permanently restricted net assets as is prudent considering the Association’s long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends and general economic conditions.

**Tax Status**—The Association has previously been determined by the Internal Revenue Service (“IRS”) to be an organization described in Internal Revenue Code (“IRC”) Section 501(c)(3), and is therefore exempt from taxation on related income under IRC Section 501(a). The IRS has also previously determined that the Association is not a private foundation pursuant to IRC Section 509(a). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

## 2. ASSETS WHOSE USE IS LIMITED, RESTRICTED OR HELD IN TRUST FOR OTHERS

Assets whose use is limited, restricted or held in trust for others, as reported in the statements of financial position, consist of the following at June 30:

	2004	2003
Cash and cash equivalents	\$ 701,924	\$ 1,236,015
Investments (Note 3)	94,141,023	82,682,482
Pledges receivable—net (Note 4)	1,329,761	1,314,488
Accounts and notes receivable		757,772
Investments in split-interest agreements	10,647,936	10,269,699
Beneficial interests in perpetual trusts (Note 1)	39,779,929	37,166,017
Loans to member congregations (Note 5)	<u>4,952,928</u>	<u>4,446,290</u>
Total assets whose use is limited, restricted or held in trust for others	<u>\$151,553,501</u>	<u>\$137,872,763</u>

### 3. INVESTMENTS

Fair value of investments consists of the following at June 30:

	<b>2004</b>	<b>2003</b>
Equity securities	\$ 53,297,749	\$ 7,071,603
Corporate bonds	7,392,669	6,138,776
U.S. government and agency obligations	31,745,583	25,699,818
Limited partnerships	47	
Mutual funds	10,278,527	48,124,285
Certificates of deposit	<u>1,589,522</u>	<u>770,057</u>
	<u>\$ 104,304,097</u>	<u>\$ 87,804,539</u>

Investments are recorded in the statements of financial position at June 30 as follows:

	<b>2004</b>	<b>2003</b>
Investments	\$ 10,163,074	\$ 5,122,057
Assets whose use is limited or restricted (Note 2)	<u>94,141,023</u>	<u>82,682,482</u>
	<u>\$ 104,304,097</u>	<u>\$ 87,804,539</u>

Total investment activity is reported within the statements of activities for the year ended June 30 and is as follows:

	<b>2004</b>	<b>2003</b>
Investment income	\$ 2,049,555	\$ 2,110,219
Net realized gains (losses) on investments	10,263,577	(6,044,625)
Net change in unrealized gains and losses on investments	<u>2,842,526</u>	<u>7,222,769</u>
	<u>\$ 15,155,658</u>	<u>\$ 3,288,363</u>

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is possible that changes in the values of investment securities may occur in the near term.

#### 4. PROMISES TO GIVE

Pledges receivable are reported within the statements of financial position as assets whose use is limited or restricted and consist of the following unconditional promises to give at June 30:

	<b>2004</b>	<b>2003</b>
Capital campaign	\$ 6,000	\$ 6,000
Campaign for Unitarian Universalism	1,412,956	1,517,778
Umbrella gifts held for others	<u>82,000</u>	<u>          </u>
Unconditional promises to give before unamortized discount and allowance for uncollectible promises (all due in one to six years)	1,500,956	1,523,778
Less unamortized discount	<u>(100,545)</u>	<u>(133,390)</u>
	1,400,411	1,390,388
Less allowance for uncollectible promises to give	<u>(70,650)</u>	<u>(75,900)</u>
Net unconditional promises to give (Note 2)	<u>\$1,329,761</u>	<u>\$1,314,488</u>

The rate used to discount pledges receivable was 6% at both June 30, 2004 and 2003.

#### 5. LOANS TO MEMBER CONGREGATIONS

Loans and advances totaling \$7,693,196 and \$8,068,764 at June 30, 2004 and 2003, respectively, represent loans to member churches for capital purposes, primarily buildings. In accordance with the policy of the Association, certain loans were granted so as to be noninterest bearing for a certain length of time. Approximately 6% and 5% of these loans are noninterest bearing at June 30, 2004 and 2003, respectively. The loans mature at various dates from July 2005 to June 2029 and bear interest at rates ranging from 0% to 8%. Loans to member congregations are reported in the statements of financial position at June 30 as follows:

	<b>2004</b>	<b>2003</b>
Loans to member congregations	\$2,740,268	\$3,622,474
Assets whose use is limited or restricted (Note 2)	<u>4,952,928</u>	<u>4,446,290</u>
	<u>\$7,693,196</u>	<u>\$8,068,764</u>

## 6. PROPERTY AND EQUIPMENT

Property and equipment are composed of the following at June 30:

	2004	2003
Land, buildings and improvements	\$ 8,975,973	\$ 8,774,401
Computer equipment	2,288,261	2,155,793
Office furniture and fixtures	482,600	473,258
Vehicles	<u>17,214</u>	<u>17,214</u>
	11,764,048	11,420,666
Less accumulated depreciation	<u>(5,161,656)</u>	<u>(4,663,539)</u>
Total	<u>\$ 6,602,392</u>	<u>\$ 6,757,127</u>

## 7. BANK DEBT

During 2002, the Association, on behalf of CPLC, entered into an agreement with a bank for a term note of \$2,115,644 (the “term note”), a \$4,000,000 line of credit (the “member lending credit line”), and a commercial real estate mortgage note of \$1,600,000 (the “mortgage note”). The agreement contains financial and nonfinancial covenants and is collateralized by the Association’s real estate mortgages on 39-41 Mount Vernon Street and 6 and 7 Mount Vernon Place.

**Term Note**—At June 30, 2004 and 2003, \$511,177 and \$1,783,172 were outstanding on the term note, which bears interest of 4.52% payable monthly in 84 consecutive monthly installments of \$29,492.

**Line of Credit**—The member lending credit line is used to provide mortgage loan financing to member congregations according to the existing CPLC lending standards. Draws on the line of credit bear interest at various rates between 4.39% and 5.41% and mature at various dates through April 30, 2011. Amounts owed on behalf of the CPLC under the line of credit total \$1,734,008 and \$980,825 at June 30, 2004 and 2003, respectively. The revolving line of credit will be reviewed for extension and renewal in advance of November 30, 2004.

**Mortgage Financing**—The mortgage note bears interest at a fluctuating rate per annum equal to the London InterBank Offering Rate (“LIBOR”) plus 0.75% (1.86% at June 30, 2004) and is payable over consecutive quarters with equal principal installments of \$33,333 and payments of interest calculated based upon the then-outstanding principal in arrears on each quarterly payment date. The mortgage note will be reviewed for extension and renewal in advance of November 30, 2004. The outstanding balance at June 30, 2004 and 2003 under this mortgage note payable was \$1,400,000 and \$1,533,334, respectively.

Total interest paid by the Association was approximately \$146,000 and \$175,000 in 2004 and 2003, respectively.

Annual repayments of outstanding debt required under these agreements are as follows:

2005	\$3,471,509
2006	<u>173,676</u>
Total	<u>\$3,645,185</u>

## 8. RETIREMENT PLAN

The Association has a defined contribution retirement plan covering all employees who have satisfied initial age and hourly requirements. The policy of the Association is to fund pension costs accrued. Participants' interests are fully vested immediately. The provision for retirement plan costs was approximately \$708,000 and \$699,000 in 2004 and 2003, respectively.

## 9. LEASES AND OTHER COMMITMENTS

The Association leases certain office equipment under lease agreements classified as operating leases. Future minimum rental payments required under operating leases that have initial or remaining noncancelable terms in excess of one year as of June 30, 2004 were:

2005	\$ 71,610
2006	31,957
2007	25,644
2008	17,764

Rental expense charged to operations was approximately \$94,000 and \$124,000 in 2004 and 2003, respectively.

The Association guarantees certain loans extended by various lending institutions to member congregations. The outstanding guarantees were approximately \$4,192,000 and \$3,926,000 at June 30, 2004 and 2003, respectively, on loans totaling approximately \$10,810,000 and \$10,806,000, respectively. The loan guarantees were obtained by the member congregations via the Association's loan guarantee program. The Association's policy is to guarantee 50% of the outstanding loan principal up to a maximum of \$375,000.

## 10. ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION ("APBO")

The Association provides a health care retirement plan (the "Plan") to its retired employees. The following table details the components of the funded status of the Plan and amounts recognized in the Association's financial statements at June 30.

	2004	2003
APBO at June 30	\$ (1,654,517)	\$ (1,614,320)
Fair value of Plan assets at June 30	<u>                    </u>	<u>                    </u>
APBO in excess of fair value of Plan assets	<u>\$ (1,654,517)</u>	<u>\$ (1,614,320)</u>
Accrued benefit cost recognized in the statements of financial position	<u>\$ (1,654,517)</u>	<u>\$ (1,614,320)</u>
Net periodic cost	<u>\$ (145,971)</u>	<u>\$ (129,238)</u>
Employer contribution	<u>\$ 105,774</u>	<u>\$ 102,253</u>
Plan participants' contributions	<u>\$ -</u>	<u>\$ -</u>
Benefits paid	<u>\$ (105,774)</u>	<u>\$ (102,253)</u>

The assumed health care cost trend rate used in determining the accumulated postretirement benefit obligations as of June 30, 2004 and 2003 was 9% and 10%, respectively. The discount rate used in determining the projected benefit obligation was 6.0% in 2004 and 2003.

\* \* \* \* \*

## **SUPPLEMENTAL SCHEDULES**



## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULES BY BUSINESS SEGMENT**

To the Board of Trustees of the  
Unitarian Universalist Association  
Boston, Massachusetts

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules by business segment on pages 16-18 are presented for the purpose of additional analysis of the basic financial statements, rather than to present the financial position and changes in net assets of the Association's business segments, and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of the Association's management. Such information has been subjected to the auditing procedures applied in our audit of the basic 2004 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

October 4, 2004

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE OF ASSETS BY BUSINESS SEGMENT

JUNE 30, 2004

	Current	Beacon Press	CPLC	GF	Eliminations	Total
CURRENT ASSETS:						
Cash and cash equivalents	\$ 327,249	\$1,193,065	\$ -	\$ 3,647,468		\$ 5,167,782
Investments				10,163,074		10,163,074
Accounts receivable—net	1,269,760	824,717		365,143		2,459,620
Inventories	499,346	681,345				1,180,691
Amounts due from other business sections	2,285,704		1,318,934	3,550	\$(3,608,188)	-
Other current assets	<u>520,754</u>	<u>11,657</u>				<u>532,411</u>
Total current assets	4,902,813	2,710,784	1,318,934	14,179,235	(3,608,188)	19,503,578
ASSETS HELD IN TRUST FOR OTHERS	5,141,739			17,531,227		22,672,966
ASSETS WHOSE USE IS LIMITED OR RESTRICTED	48,185,215	75,344	5,566,785	75,053,191		128,880,535
LOANS TO MEMBER CONGREGATIONS—Net			2,740,268			2,740,268
PROPERTY AND EQUIPMENT—Net	6,591,961	10,431				6,602,392
ROYALTY ADVANCES		<u>253,193</u>				<u>253,193</u>
TOTAL ASSETS	<u>\$64,821,728</u>	<u>\$3,049,752</u>	<u>\$9,625,987</u>	<u>\$106,763,653</u>	<u>\$(3,608,188)</u>	<u>\$180,652,932</u>

(Continued)

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE OF LIABILITIES AND NET ASSETS BY BUSINESS SEGMENT JUNE 30, 2004

	Current	Beacon Press	CPLC	GIF	Eliminations	Total
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ 2,673,446	\$ 1,181,529	\$ 4,500	\$ 1,081,153		\$ 4,940,628
Current portion of annuity liabilities	382,992					382,992
Current portion of bank debt	1,400,000		2,071,509			3,471,509
Amounts due to other business sections	737,352	145,604	5,324	2,719,908	\$ (3,608,188)	-
Total current liabilities	5,193,790	1,327,133	2,081,333	3,801,061	(3,608,188)	8,795,129
BANK DEBT						
			173,676			173,676
ANNUITY LIABILITY AND DEFERRED REVENUE						
	2,593,322					2,593,322
ASSETS HELD IN TRUST FOR OTHERS						
	5,141,739			17,531,227		22,672,966
AMOUNTS DUE TO MEMBER CONGREGATIONS						
			57,636			57,636
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION						
	1,625,764	28,753				1,654,517
Total liabilities	14,554,615	1,355,886	2,312,645	21,332,288	(3,608,188)	35,947,246
NET ASSETS:						
Unrestricted	5,058,212	1,618,522	1,746,557	10,378,174		18,801,465
Temporarily restricted	4,523,937	34,205	201,180	28,362,307		33,121,629
Permanently restricted	40,684,964	41,139	5,365,605	46,690,884		92,782,592
Total net assets	50,267,113	1,693,866	7,313,342	85,431,365		144,705,686
TOTAL LIABILITIES AND NET ASSETS	\$ 64,821,728	\$ 3,049,752	\$ 9,625,987	\$ 106,763,653	\$ (3,608,188)	\$ 180,652,932

(Concluded)

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE OF ACTIVITIES BY BUSINESS SEGMENT

YEAR ENDED JUNE 30, 2004

	Current	Beacon Press	CPLC	GIF	Eliminations	Total
<b>SUPPORT AND REVENUE:</b>						
Fund-raising (APF, Friends and unrestricted gifts and bequests)	\$ 7,380,147	\$ -	\$ -	\$ -		\$ 7,380,147
Administration fees	754,716				\$ (476,425)	278,291
Investment income—unrestricted	2,103,101	7,740	436,614	611,088	(2,103,101)	1,055,442
Investment income—temporarily restricted				994,113		994,113
Other income	2,403,513	190,673			(570,945)	2,023,241
Net sales from publishing activities	1,102,088	4,758,892				5,860,980
Distributions from Holdeen and Veatch and capital campaign contributions	5,749,241	99,000			(2,313,840)	3,534,401
General Assembly	1,081,584					1,081,584
Gifts and bequests—unrestricted						
Gifts and bequests—temporarily restricted				1,260,995		1,260,995
Gifts and bequests—permanently restricted				789,216		789,216
Net realized gains and losses on investments				3,899,482		3,899,482
Net realized gains and losses on investments—temporarily restricted				6,364,095		6,364,095
Net change in unrealized gains and losses on investments				1,663,865		1,663,865
Net change in unrealized gains and losses on investments—temporarily restricted		7,228		1,171,433		1,178,661
Net change in value of split-interest and master trust agreements—temporarily restricted	84,930					84,930
Net change in value of split-interest and master trust agreements—permanently restricted	2,629,272					2,629,272
Net assets released from restrictions for programs—unrestricted	6,288,982	96,854		(2,582,979)	2,665,760	6,468,617
Net assets released from restrictions for programs—temporarily restricted	(6,218,253)	(96,854)		(2,467,350)	2,313,840	(6,468,617)
Total support and revenue	<u>23,359,321</u>	<u>5,063,533</u>	<u>436,614</u>	<u>11,703,958</u>	<u>(484,711)</u>	<u>40,078,715</u>
<b>EXPENSES:</b>						
Board and volunteer leadership	1,587,509					1,587,509
Advocacy and witness	2,065,211					2,065,211
Congregational services	2,355,629					2,355,629
District services	2,043,697					2,043,697
Identity-based ministries	512,027					512,027
Lifespan faith development	719,152					719,152
Ministry and professional development	2,716,703					2,716,703
Communications	1,688,306					1,688,306
Cost of goods sold and publishing expenses	368,124	4,863,546				5,231,670
Administration	1,163,134					1,163,134
Stewardship and development	1,586,146					1,586,146
Information technology services	1,150,724					1,150,724
Internal services	2,044,218					2,044,218
General Assembly	1,081,584					1,081,584
Expenses associated with investment pools			371,491	1,059,971	(484,711)	946,751
Interest expense	28,347		117,667			146,014
Total expenses	<u>21,110,511</u>	<u>4,863,546</u>	<u>489,158</u>	<u>1,059,971</u>	<u>(484,711)</u>	<u>27,038,475</u>
Subtotal	2,248,810	199,987	(52,544)	10,643,987		13,040,240
NET ASSET TRANSFER	<u>1,033,242</u>		<u>373,331</u>	<u>(1,406,573)</u>		-
INCREASE IN NET ASSETS	<u>\$ 3,282,052</u>	<u>\$ 199,987</u>	<u>\$320,787</u>	<u>\$ 9,237,414</u>	<u>\$ -</u>	<u>\$13,040,240</u>

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULES FOR THE GENERAL INVESTMENT FUND**

To the Board of Trustees of the  
Unitarian Universalist Association  
Boston, Massachusetts

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules for the General Investment Fund on pages 20-32 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Association's management. Such schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

October 4, 2004

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE OF GENERAL INVESTMENT FUND ASSETS AND LIABILITIES JUNE 30, 2004

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### ASSETS:

Investments in securities, at fair value (cost of \$94,139,039)	\$ 105,535,092
Dividends receivable	<u>53,111</u>
Total assets	<u>105,588,203</u>

### LIABILITIES:

Distributions payable	1,090,502
Accrued expenses	<u>214,968</u>
Total liabilities	<u>1,305,470</u>

NET ASSETS (Equivalent to \$7.412 per unit based on 14,069,445.890 outstanding shares) \$ 104,282,733

See notes to General Investment Fund Supplemental Schedules.

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND OPERATIONS YEAR ENDED JUNE 30, 2004

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### INVESTMENT INCOME:

Dividends (net of foreign tax withheld of \$16,415)	\$ 1,898,805
Other	<u>24,510</u>

Total investment income	<u>1,923,315</u>
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### EXPENSES:

Custody and administrative	409,867
Investment manager and consultant	614,554
Audit	<u>35,550</u>

Total expenses	<u>1,059,971</u>
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Net investment income	<u>863,344</u>
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### NET REALIZED AND UNREALIZED GAIN FROM INVESTMENTS:

Net realized gain from investments sold	12,281,688
Net change in unrealized appreciation	<u>2,235,266</u>

Net realized and unrealized gain from investments	<u>14,516,954</u>
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NET INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$15,380,298</u>
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See notes to General Investment Fund Supplemental Schedules.

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2004

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INCREASE IN NET ASSETS FROM OPERATIONS:	
Net investment income	\$ 863,344
Net realized gain from investments sold	12,281,688
Net change in unrealized appreciation	<u>2,235,266</u>
Net increase in net assets from operations	15,380,298
DISTRIBUTIONS TO PARTICIPANTS	(5,747,728)
NET INCREASE IN NET ASSETS FROM PARTICIPANT TRANSACTIONS	<u>3,669,746</u>
NET INCREASE IN NET ASSETS	13,302,316
NET ASSETS:	
Beginning of year	<u>90,980,417</u>
End of year	<u>\$104,282,733</u>

See notes to General Investment Fund Supplemental Schedules.



# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND FINANCIAL HIGHLIGHTS YEAR ENDED JUNE 30, 2004

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### (For a Unit of Participation Outstanding Throughout the Year)

Selected per unit data:

Net asset value—beginning of year	<u>\$ 6.711</u>
Net investment income	0.061
Net realized and unrealized gain from investments	<u>1.040</u>
Total from investment operations	<u>1.101</u>
Distributions to participants	<u>(0.40)</u>
Net asset value, end of year	<u>\$ 7.412</u>
Total return (%) (a)	<u>16.40 %</u>
Ratio of expenses to net assets (%)	<u>1.02 %</u>

(a) Total return calculation is based on the value of a single unit of participation outstanding throughout the year. It represents the percentage change in the net asset value per unit between the beginning and end of the year and assumes reinvestment of distributions, if any. The calculation includes only expenses charged directly to the Fund.

See notes to General Investment Fund Supplemental Schedules.

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND SCHEDULE OF INVESTMENTS JUNE 30, 2004

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Asset Name	Shares	Market Value
Accenture Ltd.	9,400	\$ 258,312
Ace Ltd.	900	38,052
Acom Co., Ltd.	700	45,484
Adolor Corp.	14,850	188,298
Affordable Residential Communities	3,600	59,760
Agrium Inc.	17,200	250,260
Airtran Hldgs. Inc.	9,000	127,260
Akamai Technologies Inc.	14,350	257,583
Alamosa Holdings Inc.	34,200	251,370
Alcan Aluminium Ltd. New	1,700	70,380
Alcoa Inc.	4,100	135,423
Alexander & Baldwin Inc.	9,700	324,465
Allergan Inc.	6,000	537,120
Alliant Energy Corp.	6,400	166,912
Allmerica Financial Corp.	10,300	348,140
Allstate Corporation	3,500	162,925
American Axle & Mfg Hldgs. Inc.	1,300	47,268
American Electric Power Co., Inc.	3,500	112,000
American Financial Realty Tr.	11,800	168,622
American Home Mtg. Invt. Corp.	10,100	261,893
American International Group	3,300	235,224
Americredit Corp.	3,000	58,590
Amgen Inc.	8,000	436,560
Antena 3 Television	800	42,339
Anthem Inc.	600	53,736
Apollo Group Inc. Cl A	11,600	1,024,164
Arrow Electronics Inc.	2,400	64,368
Ashland Inc.	1,000	52,810
Atlantic Coast Airlines Holdings, Inc.	27,200	156,128
Authentidate Holding Corp.	5,450	59,623
Autoliv AB	2,200	92,840
Avocent Corp.	4,600	169,004
Axonix Inc.	17,600	92,224
Bank of America Corp.	9,966	843,323
Bank One Corporation	8,300	423,300
Barclays Plc.	16,500	140,487
BASF AGNpv	900	48,168
Bearingpoint Inc.	26,600	235,942
Beazer Homes USA Inc.	4,500	451,395
Bed Bath & Beyond Incorporated	9,500	365,275

(Continued)

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2004

Asset Name	Shares	Market Value
Bellsouth Corp.	7,500	196,650
Beverly Enterprises Inc.	28,150	242,090
Bjs Wholesale Club Inc.	9,100	227,500
Boise Cascade Corp.	1,400	52,696
Borgwarner Inc.	1,200	52,524
Bowne & Co. Inc.	9,300	147,405
BP Plc.	12,900	113,871
BP Plc-Sponsored Adr.	1,500	80,355
Brigham Exploration Co.	11,750	108,100
Bristol Myers Squibb Co.	3,824	93,688
Burlington Northern Santa Fe Corp.	3,300	115,731
Burlington Resources Inc.	1,400	50,652
Canon Inc.	1,600	84,315
Capital One Financial Corp.	11,500	786,370
CDI Corporation	7,850	271,610
Celestica Inc.	4,400	87,780
Cendant Corporation	2,100	51,408
Central Freight Lines Inc.	10,300	82,400
Chevrontexaco Corp.	3,745	352,442
Chubb Corp.	1,500	102,270
Cisco Systems Inc.	37,100	879,270
Citigroup Inc.	22,024	1,024,116
Clear Channel Communications Inc.	700	25,865
CMS Energy Corp.	3,900	35,607
Cnet Networks Inc.	26,800	296,676
Coca Cola Co.	1,900	95,912
Colgate Palmolive Co.	1,250	73,063
Comcast Corp Cl A	5,300	148,930
Comerica Inc.	1,700	93,296
Concord Communications Inc.	7,400	84,434
Connetics Corp.	14,600	294,920
ConocoPhillips	3,062	233,600
Conseco Inc.	2,400	47,760
Constellation Energy Group	2,200	83,380
Cooper Inds. Ltd. Cl A	600	35,646
Cooper Tire & Rubber Co.	1,800	41,400
Coors (Adolph) Co. Class B	800	57,872
Corning Inc.	1,700	22,202
Credit Agricole SA	3,100	75,432
Credit Suisse Group	5,000	177,659
Crown Castle International Corp.	17,450	257,388

(Continued)

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND SCHEDULE OF INVESTMENTS JUNE 30, 2004

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Asset Name	Shares	Market Value
Crown Hldgs Inc.	22,408	223,408
CSX Corp.	2,500	81,925
D R Horton Inc.	600	17,040
Dana Corp.	2,400	47,040
Del Monte Foods Co.	4,100	41,656
Dell Inc.	24,000	859,680
Delphi Automotive Systems Corp.	8,900	95,052
Diageo ORD 28 101/108P	10,594	142,747
Disney (The Walt) Company Del	3,400	86,666
DJ Orthopedics Inc.	7,650	175,950
Dow Chemical Co.	2,200	89,540
Du Pont E I De Nemours & Co.	700	31,094
E.ON AG	900	64,933
Eastman Chemical Company	1,700	78,591
Eaton Corp.	1,800	116,532
Ebay Incorporated	13,200	1,213,740
Edison International	800	20,456
El Paso Corp.	10,100	79,588
EMC Corp. Mass	474	5,404
Emerson Electric Co.	3,350	212,893
ENI Spa	7,800	154,875
Entergy Corp. New	900	50,409
Entrust Inc.	21,800	98,100
Exelon Corp.	3,800	126,502
Exxon Mobil Corp.	87	3,864
F M C Corp. New	5,550	239,261
Federal Home Loan Mortgage-Voting	2,450	155,085
Federal National Mortgage Assoc.	1,000	71,360
Federated Department Stores Inc. New	1,800	88,380
First Data Corp.	1,800	80,136
Firstenergy Corp.	2,700	101,007
Flextronics International Ltd.	4,500	71,775
Foot Locker Inc.	6,700	163,078
Fortune Brands Inc.	400	30,172
Friedman Billings Ramsey Grp. Inc. A	17,150	339,399
Furniture Brands Int'l Inc.	4,500	112,725
Gen-Probe Inc.	4,250	201,110
Genentech Inc.	17,000	955,400
Genesis Microchip Inc. Del	14,150	194,846
Genitope Corp.	5,200	51,329
Genzyme Corporation	9,000	425,970

(Continued)

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND SCHEDULE OF INVESTMENTS JUNE 30, 2004

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Asset Name	Shares	Market Value
Georgia Pacific Corp.	3,100	114,638
Giant Industries Inc.	2,600	57,200
Glaxo Smithkline Plc	14,500	293,198
Glaxo Smithkline Plc-Sponsored ADR	1,500	62,190
Golden West Financial Corp	300	31,905
Goldman Sachs Group Inc.	1,400	131,824
Group 1 Automotive Inc.	300	9,963
Guidant Corp.	1,100	61,468
Harley Davidson Inc.	15,000	929,100
Harmonic Inc.	9,550	81,271
Hartford Financial Services Group Inc.	1,900	130,606
Hayes Lemmerz International Inc.	10,300	155,530
Heineken Holding NV	2,835	93,163
Hewlett-Packard Co.	14,800	312,280
Hong Kong & China Gas	32,000	52,719
Hsbc Holdings Plc	11,870	176,408
Hubbell Inc. Class B	1,200	56,052
Hydril Co.	5,050	159,075
Ikon Office Solutions Inc.	8,300	95,201
IMC Global Inc.	12,100	162,140
Infospace Inc.	9,850	374,694
Ingersoll-Rand Co-A	1,100	75,141
Ingram Micro Inc. Class A	3,500	50,645
Inspire Pharmaceuticals Inc.	7,400	123,728
Intel Corp.	6,400	176,640
International Business Machines Corp.	1,810	159,552
International Paper Co.	1,100	49,170
J P Morgan Chase & Co.	6,700	259,759
Jack In The Box Inc.	6,100	181,170
Jefferson Pilot Corp.	1,800	91,440
Johnson & Johnson	3,500	194,950
Jones Apparel Group Inc.	2,100	82,908
KAO Corp.	3,000	72,309
KCS Energy Inc.	8,000	106,560
Kelly Services Inc. Class A	9,600	286,080
Kerr-Mcgee Corp.	1,300	69,901
Keycorp New	3,500	104,615
Kohls Corporation	8,000	338,240
Koninklijke KPN NV	17,100	130,237
Koninklijke Philips Electronics NV	3,100	83,466
Kroger Co.	8,900	161,980

(Continued)

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND SCHEDULE OF INVESTMENTS JUNE 30, 2004

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Asset Name	Shares	Market Value
Kulicke & Soffa Industries Inc.	10,700	117,272
La Quinta Corp.	17,500	147,000
Laboratory Corp. of America Holdings	2,400	95,280
Laureate Education Inc.	6,400	244,736
Lehman Brothers Holdings Inc.	1,600	120,400
Lennar Corp.	300	13,416
LNR Property Corporation	8,000	434,000
Lodgian Inc.	8,700	91,785
Lowe's Cos. Inc.	14,000	735,700
Lucent Technologies Inc.	11,100	41,958
M/I Schottenstein Homes Inc.	900	36,540
Magellan Health Services Inc.	5,900	197,355
Magna Entertainment Corp.-Cl A	12,500	73,750
Magna International Inc.-Cl A	900	76,653
Manulife Financial Corp.	3,200	129,600
Marathon Oil Corp.	3,000	113,520
Martin Marietta Materials Inc.	1,200	53,196
Masco Corp.	3,300	102,894
Mattel Inc.	5,600	102,200
Maxim Pharmaceuticals Inc.	5,900	56,935
May Department Stores Co.	3,000	82,470
MBIA Inc.	1,500	85,680
McDonald's Corp.	6,200	161,200
McGraw-Hill Companies Inc.	48	3,675
Meadwestvaco Corp.	3,100	91,109
Medco Health Solutions Inc.	6	225
Medimmune Inc.	2,200	51,458
Medtronic Inc.	12,000	584,640
Merck & Co., Inc.	3,155	149,863
Merrill Lynch & Co. Inc.	2,300	124,154
MetLife Inc.	2,300	82,455
Metris Companies Inc.	21,350	185,532
Metrocall Holdings Inc.	1,400	93,800
MGIC Investment Corp. Wis	1,500	113,790
MI Developments Inc. Cl A	14,400	388,800
Microsoft Corporation	33,020	943,051
Mitsubishi Estate Co., Ltd.	4,000	49,636
Mohawk Industries Inc.	1,000	73,330
Monsanto Co.	700	26,950
Moodys Corp.	5,500	355,630
Morgan Stanley Dean Witter & Co.	4,100	216,357

(Continued)

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2004

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Asset Name	Shares	Market Value
Muenchener Rueckver AG Reg. NPV	800	86,723
National City Corp.	3,500	122,535
Netease Com Inc.-Adr	3,800	157,092
News Corp Ltd Sponsored Adr	4,400	144,672
NII Hldgs Inc.-B	11,100	373,959
Nike Inc. Class B	1,600	121,200
Nissan Motor Co., Ltd.	9,000	100,050
Nokia OYJ	8,500	122,650
Nomura Securities Ltd.	8,000	118,407
Nordstrom Inc.	800	34,088
Northeast Utilities	10,800	210,276
Novatel Wireless Inc.	5,500	145,750
Novellus System Inc.	5,000	157,200
Ntt Docomo Inc.	57	101,865
Occidental Petroleum Corp.	2,900	140,389
Office Depot Inc.	5,200	93,132
Openwave Systems Inc.	1,050	13,335
Oracle Corp.	17,100	204,003
Overseas Shipbuilding Group	8,200	361,866
Oxford Health Plans Inc.	1,400	77,056
Paccar Inc.	450	26,096
Parametric Technology	6,900	34,500
Pathmark Stores Inc.	10,800	82,296
Pepsico Inc.	3,350	180,498
Pfizer Inc.	4,000	137,120
PG & E Corp.	1,100	30,734
PNC Financial Services Group	2,000	106,160
Pope & Talbot Inc.	4,400	86,988
PPG Industries	1,600	99,984
Pulte Homes Inc.	300	15,609
Qlogic Corporation	1,600	42,544
Qualcomm Inc.	10,000	729,800
Realnetworks Inc.	19,850	135,774
Red Hat Inc.	18,000	413,460
Reebok International Inc.	3,900	140,322
Regions Financial Corp.	700	25,585
Rh Donnelley Corporation	1,900	83,106
Rio Tinto Plc	8,400	201,843
Roche Holdings AG Genusscheine NPV	700	69,307
Rohm Co., Ltd.	100	12,006

(Continued)

# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND SCHEDULE OF INVESTMENTS

JUNE 30, 2004

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<b>Asset Name</b>	<b>Shares</b>	<b>Market Value</b>
Royal Bank of Scotland Group Plc	7,300	210,096
RR Donnelley & Sons Co.	2,700	89,154
Safeway Inc.	4,500	114,030
Saxon Capital Inc.	5,200	118,716
Sbc Communications Inc.	6,100	147,925
Schering AG	500	29,461
Schlumberger Ltd.	500	31,755
Sears Roebuck & Co.	1,000	37,760
Sempra Energy	2,900	99,847
Sierra Pacific Resources	23,000	177,330
Skillssoft Plc-Adr	11,150	84,740
Smurfit-Stone Container Corp.	2,000	39,900
Sonus Networks Inc.	43,850	209,603
Southern Union Co. New	5,800	122,264
Spherion Corp.	21,800	221,052
Spinnaker Exploration Co.	6,306	248,330
Sprint Corp.-Fon	8,400	147,840
St. Joe Company	1,600	63,520
St. Paul Travelers Cos. Inc.	2,400	97,296
Starbucks Corp.	21,000	913,290
Stelmar Shipping Ltd.	7,500	248,625
Stryker Corp.	7,000	385,000
Suntrust Banks Inc.	1,600	103,984
Supportsoft Inc.	16,400	142,352
Swiss Reinsurance-Reg	1,900	123,415
Takeda Chem. Inds.	2,500	109,747
Tech Data Corp.	1,400	54,782
Teekay Shipping Corp.	2,600	97,188
Telik Inc.	1,700	40,579
Tellabs Inc.	9,200	80,408
Temple Inland Inc.	1,300	90,025
Terna Spa	22,800	49,376
Teva Pharmaceutical Inds. Ltd. Adr	6,000	403,080
Tiffany & Co.	7,000	257,950
Time Warner Inc.	9,000	158,220
Toll Brothers Inc.	1,100	46,552
Torchmark Corp.	1,800	96,840
Total Fina Elf SA-Spons Adr	500	48,040
Total SA B	1,257	239,646
Tyco International Ltd.	3,100	102,734

(Continued)



# UNITARIAN UNIVERSALIST ASSOCIATION

## SUPPLEMENTAL SCHEDULE—GENERAL INVESTMENT FUND SCHEDULE OF INVESTMENTS JUNE 30, 2004

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Asset Name	Shares	Market Value
Unilever NV	1,000	68,510
Unilever Plc	9,900	97,129
United Nat'l Group Ltd.	5,700	86,640
United States Steel Corp.	2,700	94,824
Unocal Corp.	1,400	53,200
US Bancorp.	5,100	140,556
V F Corp.	1,800	87,660
Valassis Communications Inc.	10,400	316,888
Valero Energy Corp. New	1,800	132,768
Varco International Inc.	12,550	274,720
Vaxgen Inc.	9,900	140,184
Veeco Instrs. Inc. Del	6,850	176,799
Veritas DGC Inc.	11,000	254,650
Verizon Communications	5,300	191,807
Viacom Inc. Class B	3,200	114,304
Vodafone Group Plc	62,000	135,487
Vulcan Materials Co.	1,700	80,835
Wachovia Corp.	4,900	218,050
Wal-Mart Stores Inc.	6,000	316,560
Walgreen Co.	10,500	380,205
Warnaco Group Inc. Cl A	20,500	436,035
Washington Mutual Inc.	3,900	150,696
WCI Communities Inc.	17,100	381,501
Weight Watchers International Inc.	5,000	195,700
Wells Fargo Co.	3,000	171,690
Whirlpool Corp.	1,100	75,460
Williams Cos., Inc.	1,500	17,850
Worthington Industries Inc.	1,900	39,007
Xcel Energy Inc.	1,100	18,381
GMO Global Bond Fund-III	588,585	5,002,972
Seix High Yield Fund-I	675,130	7,392,669
SIT Total Return 11 Trust	1,323,418	26,741,111
Templeton Inst'l Foreign Equity Fds.	589,027	10,278,527
Merrimac Treasury Plus Series Inves	2,039,574	2,039,574
Investment Cash and Cash Equivalents		<u>782,570</u>
Total		<u>\$ 105,535,092</u>

(Concluded)

# UNITARIAN UNIVERSALIST ASSOCIATION

## NOTES TO GENERAL INVESTMENT FUND SUPPLEMENTAL SCHEDULES YEAR ENDED JUNE 30, 2004

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### 1. INVESTMENT TRANSACTIONS

Purchases and proceeds from sales of securities during the year ended June 30, 2004 were \$69,578,220 and \$69,072,100, respectively.

### 2. UNITS OF PARTICIPATION

Participant transactions for the General Investment Fund ("GIF") for the year ended June 30, 2004 were as follows:

	Units	Amount
Units issued	631,630	\$ 4,531,823
Units redeemed	(370,719)	(2,646,326)
Reinvestments	<u>251,626</u>	<u>1,784,249</u>
Total	<u>512,537</u>	<u>\$ 3,669,746</u>

### 3. RECONCILIATION OF GIF ACCOUNTING METHODS

The GIF is reported in the accompanying Supplemental Schedules on a modified cash basis. Under the modified cash basis, dividend income is recorded on the ex-dividend date and distributions to participants are recorded when declared. Expenses of the Fund are recorded when paid. The following reconciles net assets of the Fund per the accompanying basic financial statements with amounts reported in the accompanying supplemental schedules.

Net assets per financial statements:		
Unrestricted	\$10,378,174	
Temporarily restricted	28,362,307	
Permanently restricted	<u>46,690,884</u>	
		\$ 85,431,365
Assets held in trust for others	17,531,227	
Less pledge held for others	<u>(82,000)</u>	
		17,449,227
CPLC and Beacon Press participation in the Fund		1,026,638
Helen Robertson Trust Fund held separately		<u>(25,259)</u>
Value of Fund per basic financial statements		103,881,971
Accrued Fund expenses		<u>400,762</u>
Fund net assets per accompanying Supplemental Schedule of General Investment Fund Assets and Liabilities		<u>\$ 104,282,733</u>

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