

**UNITARIAN UNIVERSALIST ASSOCIATION**

Financial Statements and Supplemental Schedules

June 30, 2005 and 2004

(With Independent Auditors' Report Thereon)

# UNITARIAN UNIVERSALIST ASSOCIATION

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## **Independent Auditors' Report**

The Board of Trustees  
Unitarian Universalist Association:

We have audited the accompanying statement of financial position of the Unitarian Universalist Association (the Association) as of June 30, 2005, and the related statements of activities and cash flows for the year 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 audit. The financial statements of the Association as of and for the year ended June 30, 2004 were audited by other auditors, whose report thereon, dated October 4, 2004, except for the effects of the restatement discussed in note 11, as to which the date is November 3, 2005, expressed an unqualified opinion.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. 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 audit provides a reasonable basis for our opinion.

In our opinion, the 2005 financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in schedules I through VIII, as of and for the year ended June 30, 2005, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 3, 2005

**UNITARIAN UNIVERSALIST ASSOCIATION**

Statements of Financial Position

June 30, 2005 and 2004

(Dollars in thousands)

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Cash and cash equivalents	\$ 6,655	5,870
Accounts receivable, net	2,361	2,460
Pledges receivable, net (note 4)	1,251	1,330
Inventories	1,124	1,181
Other assets	943	785
Investments (note 3)	112,005	104,304
Funds held in trust by others	40,084	39,780
Funds held in support of split interest agreements	11,456	10,648
Loans to member congregations, net (note 5)	7,648	7,693
Property and equipment, net (notes 6 and 7)	6,583	6,602
Total assets	\$ 190,110	180,653
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,087	4,941
Amounts due to member congregations	44	57
Annuity liabilities	3,144	2,976
Bank debt (note 7)	3,594	3,645
Assets held in trust for others	28,579	22,673
Accumulated postretirement benefit obligation (note 9)	1,763	1,655
Total liabilities	42,211	35,947
Net assets:		
Unrestricted	19,942	18,802
Temporarily restricted	65,682	64,309
Permanently restricted	62,275	61,595
Total net assets	147,899	144,706
Commitments and contingencies (note 8)		
Total liabilities and net assets	\$ 190,110	180,653

See accompanying notes to financial statements.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Statements of Activities

Years ended June 30, 2005 and 2004

(Dollars in thousands)

	<u>2005</u>	<u>2004</u>
Changes in unrestricted net assets:		
Revenues:		
Fundraising (APF, Friends, and unrestricted gifts and bequests)	\$ 7,750	7,380
Administration fees	277	278
Investment earnings (note 3)	4,932	6,619
Other income	1,498	2,023
Net sales from publishing activities	6,230	5,861
General assembly	997	1,082
Gifts and bequests	133	—
Net assets released from restrictions	6,641	6,469
Total revenues	<u>28,458</u>	<u>29,712</u>
Expenses:		
Board and volunteer leadership	1,575	1,587
Advocacy and witness	2,116	2,065
Congregational services	2,101	2,356
District services	2,152	2,044
Identity-based ministries	498	512
Lifespan faith development	787	719
Ministry and professional development	2,586	2,717
Communications	1,748	1,688
Cost of goods sold and publishing expenses	5,438	5,232
Administration	1,424	1,163
Stewardship and development	1,536	1,586
Information technology services	1,196	1,151
Internal services	2,021	2,044
General assembly	1,037	1,082
Expenses associated with investment pools	951	947
Interest	152	146
Total expenses	<u>27,318</u>	<u>27,039</u>
Increase in unrestricted net assets	<u>1,140</u>	<u>2,673</u>
Changes in temporarily restricted:		
Gifts and bequests	730	1,261
Investment earnings (note 3)	3,536	8,537
Distributions from Holdeen and Veatch, and capital campaign contributions	3,648	3,534
Net assets released from restrictions	(6,641)	(6,469)
Increase in value of split-interest agreements and master trusts	100	1,949
Increase in temporarily restricted net assets	<u>1,373</u>	<u>8,812</u>
Changes in permanently restricted:		
Gifts and bequests	303	789
Increase in value of split-interest agreements and master trusts	377	767
Increase in permanently restricted net assets	<u>680</u>	<u>1,556</u>
Change in net assets	3,193	13,041
Net assets as of beginning of year	<u>144,706</u>	<u>131,665</u>
Net assets as of end of year	\$ <u>147,899</u>	\$ <u>144,706</u>

See accompanying notes to financial statements.

## UNITARIAN UNIVERSALIST ASSOCIATION

### Statements of Cash Flows

Years ended June 30, 2005 and 2004

(Dollars in thousands)

	<b>2005</b>	<b>2004</b>
Cash flows from operating activities:		
Change in net assets	\$ 3,193	13,040
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	519	498
Net realized and unrealized (gains) losses on investments	(6,487)	(13,106)
Contributions restricted for long-term investment	(303)	(789)
Net change in value of split-interest and master trust agreements	(304)	(2,992)
Changes in assets and liabilities:		
Accounts receivable, net	99	739
Pledges receivable, net	79	(15)
Inventories	57	35
Other assets	(158)	214
Accounts payable and accrued expenses	146	(475)
Amounts due to member congregations	(13)	(13)
Annuity liabilities and deferred revenue	168	(18)
Assets held in trust for others	5,906	3,332
Accumulated postretirement benefit obligation	108	40
Net cash provided by operating activities	3,010	490
Cash flows from investing activities:		
Cost of purchases of investments	(32,499)	(72,466)
Proceeds from sales of investments	30,477	69,072
Purchases of property and equipment	(500)	(343)
Change in loans to member congregations, net	45	376
Net cash used in investing activities	(2,477)	(3,361)
Cash flows from financing activities:		
Repayment of bank debt	(927)	(1,448)
Proceeds from bank debt	876	796
Contributions restricted for long-term investment	303	789
Net cash provided by financing activities	252	137
Change in cash and cash equivalents	785	(2,734)
Cash and cash equivalents as of beginning of year	5,870	8,604
Cash and cash equivalents as of end of year	\$ 6,655	5,870
Supplemental disclosures:		
Cash paid for interest	\$ 152	146

See accompanying notes to financial statements.

# UNITARIAN UNIVERSALIST ASSOCIATION

## Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

### (1) **The Association's Background and History**

The Unitarian Universalist Association (the Association) was formed in 1961, when the American Unitarian Association and the Universalist Church of America merged to form one entity with the purpose of creating an association of congregations in support of liberal religion. The Association's central office is at 25 Beacon Street in Boston, Massachusetts. District and other offices are located throughout the country. The Association is governed by a Board of Trustees consisting of District Trustees and at-large Trustees. An elected president, an appointed executive vice-president, a treasurer and nine other staff group directors form the leadership council, which manages the day-to-day business of the Association.

The primary purposes of the Association are to serve the needs of its member congregations, organize new congregations, extend and strengthen Unitarian Universalist institutions, and implement its principles. The stewardship of assets and the fiscal management of the Association are comprised of four business segments: Current, Beacon Press, Congregational Properties and Loan Commission (CPLC), and General Investment Fund (GIF).

### (2) **Summary of Significant Accounting Policies**

#### (a) *Basis of Financial Statement Presentation*

The accompanying financial statements are presented on the accrual basis of accounting and have been prepared to focus on the Association as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

*Unrestricted net assets* represent those assets that the Association may use at its discretion.

*Temporarily restricted net assets* result from contributions and other inflows of assets whose use by the Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Association pursuant to those stipulations. Net appreciation (depreciation) of permanently restricted long-term investments is recognized within the temporarily restricted net asset category until such monies are available for expenditure under the Association's spending policy and a qualifying expenditure is incurred.

*Permanently restricted net assets* result from contributions and other inflows of assets whose use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Net unrealized and realized gains or losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Upon the expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, such assets are released from restrictions and released unrestricted.

## UNITARIAN UNIVERSALIST ASSOCIATION

### Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is expected to be received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as revenue until such time as the conditions are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a qualifying expenditure occurs or a time restriction expires, temporarily restricted assets are recognized in unrestricted net assets as “net assets released from restrictions” in the statement of activities. However, if a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as an unrestricted contribution.

Furthermore, dividends, interest, and realized and unrealized gains on long-term investments are reported as follows:

- Increases in permanently restricted net assets if the terms of the contribution require these to be added to the principal;
- Increases in temporarily restricted net assets if the terms of the contribution, or the Association’s interpretation of relevant state law, imposes restrictions on the use of the income and gains; and
- Increases in unrestricted net assets in all other cases.

**(b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(c) Cash and Cash Equivalents**

Cash equivalents represent money market funds and short-term instruments with a maturity at the date of purchase of three months or less and are carried at cost, which approximates market value.

**(d) Property and Equipment**

Land, buildings, plant renovations and repairs, and equipment are stated at cost at the date of acquisition or renovation, or at fair market value at the date of donation in the case of gifts. Minor renovations and repairs are charged to operations and maintenance as incurred. Depreciation of plant and equipment is computed on a straight-line basis over the expected lives of the respective assets.



# UNITARIAN UNIVERSALIST ASSOCIATION

## Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

**(e) 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 estimated fair value of investments is based on quoted market prices.

Management is responsible for the fair measurements of investments reported in the financial statements. The Association has implemented policies and procedures to assess the reasonableness of the fair values provided and believes that reported fair values as of the statement of financial position date are reasonable.

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 are 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.

The Association has relied upon the Massachusetts Attorney General's interpretation of relevant state law as generally permitting the spending of gains on permanently restricted net assets over a stipulated period of time. State law allows the Board of Trustees to appropriate all of the income and a specified percentage of the net appreciation as is prudent considering the Association's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. Under the Association's spending policy, which is deemed to be within the guidelines specified under state law, a percentage of permanently restricted long-term investments is appropriated annually as determined by the Association's Board of Trustees.

**(f) Inventory**

Finished goods inventories are stated at the lower of weighted average cost or market. Outside preparation costs related to preparing a manuscript for printing are capitalized over the first printing of the book. All incurred costs on a book printing remain as work-in-progress assets until the book begins to ship from the warehouse, at which time the costs are transferred to the books on hand using the weighted average method.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

**(g) 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. These trusts have various charitable purposes.

The fair values of perpetual trust assets are \$8,881 and \$8,593 at June 30, 2005 and 2004, respectively.

**(h) Temporarily Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Association has been limited by donors for a specific period or purpose. Temporarily restricted net assets consisted of the following as of June 30:

	<b>2005</b>	<b>2004</b>
Amounts restricted by donors for programs	\$ 3,712	3,577
Net realized and unrealized gains on temporarily and permanently restricted net assets	29,408	28,362
Amounts to be unrestricted in later periods	1,359	1,183
Holdeen Trusts*	31,203	31,187
	\$ 65,682	64,309

\* Includes the charitable lead trusts established by Jonathan Holdeen (the Holdeen Trusts) in which the Association has an irrevocable right to the trust income for periods ranging from 500 to 1,000 years. Under the terms of the Holdeen Trusts' instruments, the income is to be used primarily for support of the Holdeen India Program and other charities designated by the Association's Board of Trustees.

Net assets released from temporarily restricted net assets were as follows for the years ended June 30:

	<b>2005</b>	<b>2004</b>
Purpose restrictions	\$ 6,641	6,469
	\$ 6,641	6,469

# UNITARIAN UNIVERSALIST ASSOCIATION

## Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

(i) ***Permanently Restricted Net Assets***

Permanently restricted net assets have been restricted by donors to be maintained by the Association in perpetuity, the earnings from which is expendable to support operations. The Association requires net realized and unrealized gains on permanently restricted net assets be retained in temporarily restricted net assets until appropriated by the Board of Trustees, and expended. State law allows the Board of Trustees to appropriate 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.

Permanently restricted net assets as of June 30 consisted of the following:

	<u>2005</u>	<u>2004</u>
Assets for which earnings are restricted as to purpose	\$ 53,394	53,002
Perpetual trusts	<u>8,881</u>	<u>8,593</u>
	<u>\$ 62,275</u>	<u>61,595</u>

(j) ***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.

(k) ***Outstanding Legacies***

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

(l) ***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 rate 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 net fair value are reported in "net change in value of split-interest and master trust agreements."

# UNITARIAN UNIVERSALIST ASSOCIATION

## Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

**(m) 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.

**(n) Income Taxes**

The Association is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code.

**(o) Allocations**

The Association adheres to the AICPA's *Not-for-Profit Organizations Audit and Accounting Guide* in reporting expenses by their functional classification. Accordingly, depreciation, and operations and maintenance expenses have been allocated to functional classifications based on building square footage. Total fundraising costs for the years ended June 30, 2005 and 2004 were \$711 and \$692, respectively, and are included in stewardship development expense in the statements of activities.

**(p) Disclosure About Fair Value of Financial Instruments**

In accordance with the requirements of Statement of Financial Accounting Standards No. 107, *Disclosures About the Fair Value of Financial Instruments*, the estimated fair values of the Association's financial instruments as of June 30, 2005 have been determined by using, where practicable, appropriate valuation methodologies.

Using discounted cash flow analysis, the Association determined that the estimated fair value of its total indebtedness was substantially equivalent to its carrying value as of June 30, 2005 and 2004. The Association further determined that the difference between the carrying values and estimated fair values of its other financial assets and liabilities at June 30, 2005 and 2004 was not material.

**(q) Reclassifications**

Certain 2004 balances have been reclassified to conform with 2005 reporting practices.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

**(3) Investments**

The fair value of investments consisted of the following as of June 30:

	<u>2005</u>	<u>2004</u>
Equity securities:		
Domestic	\$ 47,325	44,995
Foreign	8,931	8,302
Fixed income securities:		
Domestic	36,642	34,134
Foreign	5,467	5,005
Mutual funds:		
Foreign equity	12,040	10,278
Certificates of deposit	<u>1,600</u>	<u>1,590</u>
	\$ <u>112,005</u>	<u>104,304</u>

Investments as of June 30 are recorded in the statements of financial position by net asset class as follows:

	<u>2005</u>	<u>2004</u>
Unrestricted	\$ 11,256	10,163
Temporarily restricted	29,850	28,803
Permanently restricted	48,202	47,889
Assets held in trust for others (member congregations)	<u>22,697</u>	<u>17,449</u>
Total	\$ <u>112,005</u>	<u>104,304</u>

Investment return for the years ended June 30 is reported within the statements of activities as follows:

	<u>2005</u>	<u>2004</u>
Investment income	\$ 1,981	2,050
Net realized gain on investments	2,422	10,264
Net change in unrealized gain on investments	<u>4,065</u>	<u>2,842</u>
Investment return	\$ <u>8,468</u>	<u>15,156</u>

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

**(4) Promises to Give**

Pledges receivable consisted of the following unconditional promises to give as of June 30:

	<b>2005</b>	<b>2004</b>
Pledge purpose:		
Capital campaign	\$ —	6
Campaign for Unitarian Universalism	896	1,413
Campaign for Congregations	257	—
Umbrella gifts held for others	234	82
	<u>\$ 1,387</u>	<u>1,501</u>
Amounts due in:		
Less than one year	\$ 997	1,049
Two to five years	390	452
	<u>1,387</u>	<u>1,501</u>
Less allowance for uncollectible pledges and present value discount	<u>(136)</u>	<u>(171)</u>
Pledges receivable, net	<u>\$ 1,251</u>	<u>1,330</u>

The rate used to discount pledges receivable was 6% as of both June 30, 2005 and 2004.

**(5) Loans to Member Congregations**

Loans and advances totaling \$7,648 and \$7,693, net of allowance for uncollectible loans, as of June 30, 2005 and 2004, 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 5% and 6% of the outstanding balance of these loans are noninterest bearing as of June 30, 2005 and 2004, respectively. The loans mature at various dates from October 2005 to January 2030 and bear interest at rates ranging from 0% to 8%.

The allowance for uncollectible loans was \$413 and \$362 as of June 30, 2005 and 2004, respectively.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

**(6) Property and Equipment**

Property and equipment was composed of the following as of June 30:

	<b>2005</b>	<b>2004</b>
Land, buildings and improvements	\$ 9,157	8,976
Computer equipment	2,596	2,288
Office furniture and fixtures	494	483
Vehicles	17	17
	12,264	11,764
Less accumulated depreciation	(5,681)	(5,162)
Property and equipment, net	\$ 6,583	6,602

Depreciation expense for the years ended June 30, 2005 and 2004 was \$519 and \$498, respectively.

**(7) Bank Debt**

During 2002, the Association, on behalf of the CPLC, entered into an agreement with a bank for a term note of \$2,116 (the term note), a \$4,000 line of credit (the member lending credit line) and a commercial real estate mortgage note of \$1,600 (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. The member lending credit line and the mortgage note expired on November 30, 2004.

**(a) Term Note**

As of June 30, 2004, \$511 was outstanding on the term note, with an interest rate of 4.52% payable monthly in 84 consecutive monthly installments of \$29. On February 5, 2005, the term note was paid in full.

**(b) Member Lending Credit Line**

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 February 29, 2012. Amounts owed on behalf of the CPLC under the line of credit total \$2,328 and \$1,734 as of June 30, 2005 and 2004, respectively. During 2005, this revolving line of credit was extended to November 30, 2006 and increased to \$6,000.

# UNITARIAN UNIVERSALIST ASSOCIATION

## Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

(c) **Mortgage Note**

The mortgage note bears interest at a fluctuating rate per annum equal to the London Inter Bank Offering Rate (LIBOR) plus 0.75% (3.84% and 1.86% as of June 30, 2005 and 2004, respectively) and is payable over consecutive quarters with equal principal installments of \$33 and payments of interest calculated based upon the then-outstanding principal in arrears on each quarterly payment date. The mortgage note has been extended to November 30, 2006. The outstanding balance as of June 30, 2005 and 2004 was \$1,266 and \$1,400, respectively.

Interest expense was \$152 and \$146 for the years ended June 30, 2005 and 2004, respectively.

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

2006	\$	202
2007		<u>3,392</u>
Total	\$	<u><u>3,594</u></u>

(8) **Leases and Other Commitments**

The Association leases certain office equipment and office space under lease agreements classified as operating leases. Future minimum rental payments required under operating leases and office rental agreements that have initial or remaining noncancelable terms in excess of one year as of June 30, 2005 were:

2006	\$	205
2007		205
2008		138
2009		32

Rental expense charged to operations was \$203 and \$214 for the years ended June 30, 2005 and 2004, respectively.

The Association guarantees certain loans extended by various lending institutions to member congregations. The outstanding guarantees were \$2,697 and \$4,192 as of June 30, 2005 and 2004, respectively, on loans totaling \$8,449 and \$10,810, 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.



**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2005 and 2004

(Dollars in thousands)

**(9) Benefit Plans**

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 \$812 and \$785 for the years ended June 30, 2005 and 2004, respectively.

The Association provides a healthcare retirement plan (the Plan) to its retired employees. The measurement date used to determine benefit measures for the Plan is June 30. The following table details the components of the funded status of the Plan and amounts recognized in the Association's financial statements as of June 30:

	<u>2005</u>	<u>2004</u>
Accumulated postretirement benefit obligations (APBO) as of June 30	\$ (1,763)	(1,655)
Fair value of Plan assets as of June 30	<u>—</u>	<u>—</u>
APBO in excess of fair value of Plan assets (accrued benefit cost)	\$ <u>(1,763)</u>	<u>(1,655)</u>
Net periodic cost	\$ (145)	(146)
Employer contribution	127	106
Benefits paid	(127)	(106)

Assumptions used to determine the benefit obligation as of June 30, 2005 and 2004 are as follows:

	<u>2005</u>	<u>2004</u>
Discount rate	5.25%	6.00%
Rate of increase in healthcare costs	8.00	9.00

The following expected future benefit payments are as follows:

Year-end:		
2006	\$	133
2007		142
2008		151
2009		155
2010		157
2011-2015		807

## UNITARIAN UNIVERSALIST ASSOCIATION

## Assets by Business Segment

June 30, 2005

(Dollars in thousands)

	<u>Current</u>	<u>Beacon Press</u>	<u>CPLC</u>	<u>GIF</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:						
Cash and cash equivalents	\$ 822	1,513	101	4,219	—	6,655
Investments	1,022	74	554	110,355	—	112,005
Accounts receivable, net	1,423	805	—	133	—	2,361
Pledges receivable, net	1,251	—	—	—	—	1,251
Inventories	466	658	—	—	—	1,124
Amounts due from (to) other business segments	2,644	—	1,475	—	(4,119)	—
Other current assets	371	14	—	—	—	385
Total current assets	7,999	3,064	2,130	114,707	(4,119)	123,781
Funds held in trust by others	40,084	—	—	—	—	40,084
Funds held in support of split interest agreements	11,456	—	—	—	—	11,456
Other assets	369	—	—	—	—	369
Loans to member congregations, net	—	—	7,648	—	—	7,648
Property and equipment, net	6,577	6	—	—	—	6,583
Royalty advances	—	189	—	—	—	189
Total assets	\$ <u>66,485</u>	<u>3,259</u>	<u>9,778</u>	<u>114,707</u>	<u>(4,119)</u>	<u>190,110</u>

See accompanying independent auditors' report.

## UNITARIAN UNIVERSALIST ASSOCIATION

## Liabilities and Net Assets by Business Segment

June 30, 2005

(Dollars in thousands)

	<u>Current</u>	<u>Beacon Press</u>	<u>CPLC</u>	<u>GIF</u>	<u>Eliminations</u>	<u>Total</u>
Current liabilities:						
Accounts payable and accrued expenses	\$ 2,416	1,100	2	1,569	—	5,087
Current portion of annuity liabilities	409	—	—	—	—	409
Current portion of bank debt	133	—	69	—	—	202
Amounts due to (from) other business segments	1,153	169	—	2,797	(4,119)	—
Total current liabilities	4,111	1,269	71	4,366	(4,119)	5,698
Bank debt	1,133	—	2,259	—	—	3,392
Annuity liability and deferred revenue	2,735	—	—	—	—	2,735
Assets held in trust for others	5,882	—	—	22,697	—	28,579
Amounts due to member congregations	—	—	44	—	—	44
Accumulated postretirement benefit obligation	1,737	26	—	—	—	1,763
Total liabilities	15,598	1,295	2,374	27,063	(4,119)	42,211
Net assets:						
Unrestricted	5,067	1,881	1,752	11,242	—	19,942
Temporarily restricted	36,031	42	201	29,408	—	65,682
Permanently restricted	9,789	41	5,451	46,994	—	62,275
Total net assets	50,887	1,964	7,404	87,644	—	147,899
Total liabilities and net assets	\$ 66,485	3,259	9,778	114,707	(4,119)	190,110

See accompanying independent auditors' report.

## UNITARIAN UNIVERSALIST ASSOCIATION

Activities by Business Segment

Year ended June 30, 2005

(Dollars in thousands)

	<u>Current</u>	<u>Beacon Press</u>	<u>CPLC</u>	<u>GIF</u>	<u>Eliminations</u>	<u>Total</u>
Support and revenue:						
Fund-raising (APF, friends, and unrestricted gifts and bequests)	\$ 7,750	—	—	—	—	7,750
Administration fees	848	—	—	—	(571)	277
Investment income – unrestricted	2,014	23	412	571	(2,014)	1,006
Investment income – temporarily restricted	—	—	—	975	—	975
Other income	2,360	142	—	—	(1,004)	1,498
Net sales from publishing activities	1,190	5,040	—	—	—	6,230
Distributions from Holdeen and Veatch and capital campaign contributions	6,106	—	—	—	(2,458)	3,648
General assembly	997	—	—	—	—	997
Gifts and bequests – unrestricted	—	75	—	58	—	133
Gifts and bequests – temporarily restricted	—	40	—	690	—	730
Gifts and bequests – permanently restricted	—	—	—	303	—	303
Net realized gains and losses on investments	—	—	—	894	—	894
Net realized gains and losses on investments – temporarily restricted	—	—	—	1,528	—	1,528
Net change in unrealized gains and losses on investments	—	—	—	3,032	—	3,032
Net change in unrealized gains and losses on investments – temporarily restricted	—	1	—	1,032	—	1,033
Net change in value of split-interest and master trust agreements – temporarily restricted	185	—	—	—	—	185
Net change in value of split-interest and master trust agreements – permanently restricted	292	—	—	—	—	292
Net assets released from restrictions for programs – unrestricted	6,055	34	—	(2,452)	3,004	6,641
Net assets released from restrictions for programs – temporarily restricted	(5,971)	(34)	—	(3,094)	2,458	(6,641)
Total support and revenue	<u>21,826</u>	<u>5,321</u>	<u>412</u>	<u>3,537</u>	<u>(585)</u>	<u>30,511</u>
Expenses:						
Board and volunteer leadership	1,575	—	—	—	—	1,575
Advocacy and witness	2,116	—	—	—	—	2,116
Congregational services	2,101	—	—	—	—	2,101
District services	2,152	—	—	—	—	2,152
Identity-based ministries	498	—	—	—	—	498
Lifespan faith development	787	—	—	—	—	787
Ministry and professional development	2,586	—	—	—	—	2,586
Communications	1,748	—	—	—	—	1,748
Cost of goods sold and publishing expenses	387	5,051	—	—	—	5,438
Administration	1,424	—	—	—	—	1,424
Stewardship and development	1,536	—	—	—	—	1,536
Information technology services	1,196	—	—	—	—	1,196
Internal services	2,021	—	—	—	—	2,021
General assembly	1,037	—	—	—	—	1,037
Expenses associated with investment pools	—	—	297	1,239	(585)	951
Interest expense	42	—	110	—	—	152
Total expenses	<u>21,206</u>	<u>5,051</u>	<u>407</u>	<u>1,239</u>	<u>(585)</u>	<u>27,318</u>
Subtotal	620	270	5	2,298	—	3,193
Net asset transfer	—	—	85	(85)	—	—
Increase in net assets	<u>\$ 620</u>	<u>270</u>	<u>90</u>	<u>2,213</u>	<u>—</u>	<u>3,193</u>

See accompanying independent auditors' report.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Assets and Liabilities

June 30, 2005

(Dollars in thousands)

Assets:	
Investments in securities, at fair value (cost of \$100,460)	\$ 113,550
Dividends receivable	133
	<hr/>
Total assets	113,683
	<hr/>
Liabilities:	
Distributions payable	1,107
Accrued expenses	352
	<hr/>
Total liabilities	1,459
	<hr/>
Net assets (equivalent to \$7.629 per unit based on 14,710,148.083 outstanding shares)	112,224
	<hr/>
Total liabilities and net assets	\$ 113,683
	<hr/> <hr/>

See accompanying independent auditors' report and notes to General Investment Fund.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Operations

Year ended June 30, 2005

(Dollars in thousands)

Investment income:	
Dividends (net of foreign tax withheld of \$28)	\$ 1,892
Other	11
Total investment income	<u>1,903</u>
Expenses:	
Custody and administrative	445
Investment manager and consultant	758
Audit	36
Total expenses	<u>1,239</u>
Net investment income	<u>664</u>
Net realized and unrealized gain from investments:	
Net realized gain from investments sold	2,984
Net change in unrealized appreciation	4,860
Net realized and unrealized gain from investments	<u>7,844</u>
Net increase in net assets from operations	<u>\$ 8,508</u>

See accompanying independent auditors' report and notes to General Investment Fund.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Changes in Net Assets

Year ended June 30, 2005

(Dollars in thousands)

Increase in net assets from operations:		
Net investment income	\$	664
Net realized gain from investments sold		2,984
Net change in unrealized appreciation		4,860
		<hr/>
Net increase in net assets from operations		8,508
Distributions to participants		(5,426)
Net increase in net assets from participant transactions		4,859
		<hr/>
Net increase in net assets		7,941
Net assets:		
Beginning of year		104,283
		<hr/>
End of year	\$	112,224
		<hr/> <hr/>

See accompanying independent auditors' report and notes to General Investment Fund.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Financial Highlights

Year ended June 30, 2005

(For a unit of participation outstanding throughout the year)

(Dollars in thousands)

## Selected per unit data:

Net asset value – beginning of year	\$ <u>7.412</u>
Net investment income	0.0450
Net realized and unrealized gain from investments	<u>0.5420</u>
Total from investment operations	0.5870
Distributions to participants	<u>(0.3700)</u>
Net asset value – end of year	\$ <u><u>7.6290</u></u>
Total return (%) (a)(b)	7.90%
Ratio of expenses to net assets (%)	1.10%

- (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.
- (b) While NAVs per share are a helpful way to track a fund's price movement, they may not depict its true time-weighted performance. In particular, the change in the GIF NAV per share does not consider the timing of external cash flows related to distributions, deposits and withdrawals. The methodology also does not consider the effect of compounding used when calculating the fund's actual time-weighted performance.

See accompanying independent auditors' report and notes to General Investment Fund.



## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2005

Asset name	Shares	Market value	Asset name	Shares	Market value
Aames Investment Corp	17,800	\$ 173,016	Bellsouth Corp	1,200	\$ 31,884
Ace Ltd	900	40,365	BJS Wholesale Club Inc	3,700	120,213
Acom Co Ltd	1,000	64,164	Borgwarner Inc	1,200	64,404
Actel Corporation	8,300	115,370	Bottomline Technologies Inc	5,650	84,581
ADC Telecommunications Inc	2,671	58,148	Bowne & Co Inc	16,800	242,928
Agere Systems Inc	310	3,720	BP Plc	12,900	134,227
Agrium Inc	12,700	249,047	BP Plc – ADR NYSE	1,500	93,570
Aiful Corp	1,050	78,364	Bristol Myers Squibb Co	5,924	147,982
Airtran Hldgs Inc	11,700	107,991	Brookfield Homes Corp	1,100	50,160
Alexander & Baldwin Inc	4,600	213,210	Bunge Limited	1,300	82,420
Algoma Steel Inc	2,300	46,922	Burlington Northern Santa Fe Corp	3,300	155,364
Allergan Inc	5,500	468,820	Callaway Golf Company	7,800	120,354
Alliant Energy Corp	5,700	160,455	Capital Leasing Funding Inc	4,900	53,165
Allmerica Financial Corp	8,200	304,138	Capital One Financial Corp	10,600	848,106
Allscripts Healthcare Solutions Inc	11,150	185,202	Centene Corp	10,950	367,701
Allstate Corporation	3,500	209,125	Central Freight Lines Inc	9,200	24,196
Amazon.com Inc	1,200	39,708	Chevron Corp	10,190	569,825
American Axle & Mfg Hldgs Inc	1,300	32,851	Chiba Bank	4,000	26,388
American Electric Power Co Inc	3,500	129,045	Chubb Corp	1,500	128,415
American Financial Realty Trust	10,600	163,028	Cisco Systems Inc	42,200	805,176
American International Group	2,200	127,820	Citigroup Inc	15,200	702,696
Americredit Corp	2,700	68,850	Clear Channel Communications Inc	2,900	89,697
Amerisourcebergen Corp	800	55,320	Cleveland Cliffs Inc	3,250	187,720
Amgen Inc	7,300	441,358	Coca Cola Co	1,900	79,325
Antena 3 Television	4,400	88,106	Comcast Corp	4,800	147,216
Apollo Group Inc	12,600	985,572	Comerica Inc	1,700	98,260
Arris Group Inc	29,550	257,381	Commerzbank	600	13,046
Autoliv AB	1,400	61,320	Conagra Inc	2,900	67,164
Axa Paris	2,700	67,565	Conocophillips	5,724	329,073
B J Services Co	2,000	104,960	Conseco Inc	4,500	98,190
Bank of America Corp	18,734	854,458	Constellation Energy Group	2,200	126,918
Barclays Plc	14,700	146,237	Cooper Inds Ltd	600	38,340
BB & T Corporation	1,300	51,961	Cooper Tire & Rubber Co	1,800	33,426
Bearingpoint Inc	47,900	351,107	Corning Inc	7,000	116,340
Beazer Homes USA Inc	3,900	222,885	Countrywide Financial Corp	3,400	131,274
Bed Bath & Beyond Incorporated	8,700	363,486	Crane Co	1,300	34,190
Credit Suisse Group	4,300	169,671	Firstenergy Corp	2,700	129,897
Crown Hldgs Inc	23,508	334,519	Flextronics International Ltd	4,500	59,445

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2005

Asset name	Shares	Market value	Asset name	Shares	Market value
CSX Corp	2,500	\$ 106,650	Foundation Coal Holdings Inc	8,200	\$ 212,708
Cypress Semi Conductor Corp	19,700	248,023	Friedman Billings Ramsey Grp Inc	14,850	212,355
Dana Corp	2,400	36,024	Furniture Brands Intl Inc	5,800	125,338
Del Monte Foods Co	17,500	188,475	Gap (The) Inc	2,300	45,425
Dell Inc	22,000	868,120	Genentech Inc	14,300	1,148,004
Deutsche Telekom	5,900	109,285	General Mills Inc	2,200	102,938
Dex Media Inc	2,100	51,261	Genitope Corp	6,100	78,324
Diageo Ord	16,394	241,695	Genworth Financial Inc	3,300	99,759
Diamond Offshore Drilling Inc	1,700	90,831	Genzyme Corporation	9,800	588,882
Digital River Inc	12,200	387,350	Georgia Pacific Corp	3,100	98,580
Disney (The Walt) Company Del	800	20,144	Giant Industries Inc	4,300	154,800
DJ Orthopedics Inc	2,700	74,061	Glaxo Smithkline Plc	4,400	106,471
Du Pont E I De Nemours & Co	1,000	43,010	Glaxo Smithkline Plc – ADR NYSE	400	19,404
Duratek Inc	3,500	81,130	Global Santa Fe Corp	2,000	81,600
E.ON	1,200	107,041	Golden West Financial Corp	2,040	131,335
Eastman Chemical Company	1,700	93,755	Goldman Sachs Group Inc	1,800	183,636
Eastman Kodak Co	3,000	80,550	Google Inc	3,700	1,088,355
Eaton Corp	1,800	107,820	Government Properties Trust	800	7,776
Ebay Incorporated	28,600	944,086	Group 1 Automotive Inc	4,800	115,392
Edison International	800	32,440	Hartford Financial Servcs Group Inc	1,900	142,082
El Paso Corp	10,100	116,352	Hayes Lemmerz International Inc	11,200	79,744
Electronic Data Sys Corp New	4,500	86,625	HCA – The Healthcare Co	1,300	73,671
EMC Corp Mass	474	6,499	Hewlett-Packard Co	16,300	383,213
Emerson Electric Co	1,850	115,866	Hilfiger Tommy Corp Ord	8,300	114,208
Energy Conversion Devices Inc	6,600	147,708	HMV Group Plc	11,100	47,005
ENI Spa	7,800	201,232	Hubbell Inc	1,200	52,920
Entergy Corp New	1,600	120,880	Huntington Bancshares Inc	3,500	84,490
Exelon Corp	3,800	195,054	Ikon Office Solutions Inc	7,400	70,374
Exxon Mobil Corp	87	5,000	Infospace Inc	13,050	429,737
F M C Corp New	5,150	289,121	Ingersoll-Rand Co	1,100	78,485
Fanuc Ltd	3,800	241,765	Ingram Micro Inc	3,500	54,810
Federal Home Loan Mortgage	2,700	176,121	Intel Corp	4,300	111,886
Federal National Mortgage Assoc	1,300	75,920	Interbrew	3,200	108,358
Federated Department Stores Inc	1,800	131,904	International Business Machines Corp	3,210	238,182
Fieldstone Investment Corp	14,000	201,600	International Paper Co	3,400	102,714
Fifth Third Bancorp	2,300	94,691	Interoil Corp	6,800	184,824
Interpublic Group Companies Inc	5,800	70,644	MBNA Corporation	4,000	104,640

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2005

Asset name	Shares	Market value	Asset name	Shares	Market value
Iron Mountain Inc	5,000	\$ 155,100	McDonalds Corp	6,200	\$ 172,050
Ixia	18,800	365,472	McGraw-Hill Companies Inc.	96	4,248
J P Morgan Chase & Co	13,176	465,376	Medco Health Solutions Inc	2,306	123,048
Jamdat Mobile Inc	3,650	101,032	Medimmune Inc	4,300	114,896
Jameson Inns Inc	36,500	84,315	Medtronic Inc	11,000	569,690
Johnson & Johnson	2,500	162,500	Mellon Financial Corp	3,000	86,070
Jones Apparel Group Inc	2,100	65,184	Merck & Co Inc	3,155	97,174
Joyo Bank	5,000	24,456	Merrill Lynch & Co Inc	4,300	236,543
Jupitermedia Corp	18,800	322,044	Metlife Inc	2,300	103,362
Kelly Services Inc	11,500	329,360	Metris Companies Inc	16,300	235,698
Key Energy Services Inc	16,900	204,490	MGIC Investment Corp Wis	800	52,176
Keycorp New	3,500	116,025	MI Developments Inc	14,000	441,700
Kimberly Clark Corp	1,800	112,662	Micromuse Inc	37,900	214,135
KMG America Corp	9,900	98,406	Microsoft Corporation	19,820	492,329
Kohls Corporation	7,300	408,143	Mobility Electronics Inc	5,750	52,613
Kraft Foods Inc	2,400	76,344	Molson Coors Brewing Co	800	49,600
Kroger Co	5,700	108,471	Moodys Corp	10,000	449,600
Laboratory Corp of America Holdings	3,700	184,630	Morgan Stanley Dean Witter & Co	4,100	215,127
Laureate Education Inc	5,900	282,374	Mortgageit Holdings Inc	6,100	111,325
Lawson Software	21,200	109,180	Mosaic Co	10,800	168,048
Lear Corp	5,200	189,176	Murata Mfg Co	1,000	50,988
Lehman Brothers Holdings Inc	1,600	158,848	National City Corp	3,500	119,420
Lilly (Eli) & Co	1,400	77,994	Newell Rubbermaid Inc	3,700	88,208
Limited Brands	4,200	89,964	News Corp Inc	9,800	158,564
Lodgian Inc	13,800	141,726	NII Hldgs Inc	3,450	220,593
Longview Fibre Co	19,400	398,670	Nitromed Inc	10,700	208,115
Lowe's Cos Inc	12,800	745,216	Noble Corporation	1,400	86,114
Lubrizol Corp	2,600	109,226	Nokia	6,100	102,282
M/I Schottenstein Homes Inc	900	48,690	Nomura Securities Ltd	7,300	87,421
Magna Entertainment Corp	19,100	107,724	Nordstrom Inc	800	54,376
Magna International Inc	900	63,306	North Fork Bancorporation Inc N Y	3,750	105,338
Marathon Oil Corp	3,000	160,110	Northeast Utilities	1,000	20,860
Marks and Spencer Group Plc	19,500	125,917	Novartis	1,400	66,716
Martin Marietta Materials Inc	1,200	82,944	Novellus System Inc	2,900	71,659
Masco Corp	3,300	104,808	Occidental Petroleum Corp	1,800	138,474
Mattel Inc	3,400	62,220	Office Depot Inc	5,200	118,768
MBIA Inc	900	53,379	Openwave Systems Inc	24,400	400,160

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2005

Asset name	Shares	Market value	Asset name	Shares	Market value
Oracle Corp	11,800	\$ 155,760	Schlumberger Ltd	1,500	\$ 113,910
Overseas Shipbuilding Group	3,000	178,950	Schneider Electric	2,200	166,065
Papa Johns International Inc	300	11,991	SCS Transportation Inc	2,700	48,060
Parker Drilling Co	37,200	260,772	Sempra Energy	2,900	119,799
Pathmark Stores Inc	11,900	104,244	Shinsei Bank Ltd	9,000	48,570
Patterson Cos Inc	6,400	288,448	Siemens	1,300	94,966
Pepsico Inc	3,750	202,238	Smurfit-Stone Container Corp	4,100	41,697
Pfizer Inc	11,000	303,380	Solelectron Corp	11,800	44,722
PHH Corp	16,800	432,096	Southern Union Co New	10,805	265,263
Pioneer Cos Inc	4,400	96,756	Spherion Corp	40,300	265,980
Platinum Underwriter Holdings Ltd	9,500	302,290	Sprint Corp	12,900	323,661
PMA Cap Corp	100	883	SPX Corp	1,700	78,166
PNC Financial Services Group	2,000	108,920	St Joe Company	1,600	130,464
Pope & Talbot Inc	9,100	101,010	St Paul Travelers Cos Inc	3,100	122,543
PPG Industries	1,600	100,416	Starbucks Corp	19,300	997,038
Prudential Finl Inc	1,800	118,188	Stryker Corp	6,400	304,384
Puma	200	49,559	Sunterra Corp	3,500	56,735
Qualcomm Inc	18,400	607,384	Suntrust Banks Inc	1,800	130,032
Red Hat Inc	16,500	216,150	Superior Energy Services Inc	11,150	198,470
Reebok International Inc	2,600	108,758	Supervalu Inc	1,900	61,959
Revlon Inc	44,656	137,094	Swiss Reinsurance	1,700	104,566
RH Donnelley Corporation	1,700	105,366	Takeda Chem Inds	1,700	84,379
Rowan Cos Inc	2,300	68,333	Target Corp	1,500	81,615
Royal Bank of Scotland Group Plc	6,600	199,338	Tech Data Corp	1,400	51,240
Safeway Inc	4,500	101,655	Telecom Corp of New Zealand	27,800	116,253
Sanmina Sci Corp	11,200	61,264	Telecom Italia	22,900	71,528
Sanofi-Synthelabo	900	73,983	Telik Inc	16,564	269,165
Sapporo Hokuyo Holdings Inc	3	23,148	Tellabs Inc	9,200	80,040
Sara Lee Corp	4,100	81,221	Temple Inland Inc	2,600	96,590
SBA Communications Corp	32,050	432,675	Terna Spa	22,800	59,139
SBC Communications Inc	4,700	111,625	Teva Pharmaceutical Inds Ltd	18,400	572,976
Schering	800	49,278	Time Warner Inc	12,300	205,533

## Schedule VIII

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2005

<u>Asset name</u>	<u>Shares</u>	<u>Market value</u>	<u>Asset name</u>	<u>Shares</u>	<u>Market value</u>
Tokyo Gas Co Ltd	31,000	\$ 116,100	Westwood One Inc	4,000	\$ 81,720
Torchmark Corp	1,800	93,960	William Lyon Homes Inc	2,000	194,020
Total Fina Elf SA – ADR NYSE	650	75,953	Xcel Energy Inc	1,100	21,472
Total SA	1,666	391,892	XI Capital Ltd	900	66,978
Toyota Motor Corp	1,900	68,071	Zimmer Holdings Inc	4,000	304,680
Transocean Inc	2,800	151,116	Zurich Allied Financial Services	450	77,558
Tyco International Ltd	3,100	90,520	GMO Global Bond Fund – III	617,726	5,466,875
Ubiquitel Inc	6,050	49,368	Sit Total Return II Trust	1,323,418	28,592,367
Unilever	1,000	64,830	STI Classic Seix High Yield Bd Fd	727,647	8,047,780
United Amer Indemnity Ltd	10,479	180,134	Templeton Instl Foreign Equity Fds	599,927	12,040,535
United States Steel Corp	2,300	79,051	Merrimac Treasury Plus Series Inves	1,673,759	1,673,759
Unocal Corp	100	6,505	Porsche	80	60,207
US Bancorp	5,100	148,920	Investment cash and cash equivalents	—	1,472,564
Usana Health Sciences Inc	5,000	211,500			
V F Corp	800	45,776			
Valassis Communications Inc	8,900	329,745			
Veeco Instrs Inc	11,250	183,150			
Verizon Communications	8,400	290,220			
Viacom Inc	800	25,616			
Vivendi Universal	2,700	85,184			
Vodafone Group Plc	39,000	94,897			
Vulcan Materials Co	1,700	110,483			
Wachovia Corp	5,200	257,920			
Walgreen Co	9,600	441,504			
Warnaco Group Inc	18,200	423,150			
Washington Mutual Inc	3,900	158,691			
WCI Communities Inc	13,400	429,202			
Wells Fargo Co	3,000	184,740			
			Total	<u>7,230,899</u>	<u>\$ 113,550,063</u>

See accompanying independent auditors' report and notes to General Investment Fund.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to General Investment Fund

June 30, 2005

(Dollars in thousands)

**(1) Investment Transactions**

Purchases and proceeds from sales of securities during the year ended June 30, 2005 were \$28,796 and \$30,477, respectively.

**(2) Units of Participation**

Participant transactions for the GIF for the year ended June 30, 2005 were as follows:

	<b>Units</b>		<b>Amount</b>
Units issued	846,172	\$	6,419
Units redeemed	(444,223)		(3,357)
Reinvestments	238,753		1,797
Total	640,702	\$	4,859

**(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	\$ 11,242
Temporarily restricted	29,408
Permanently restricted	46,994
	87,644
Assets held in trust for others	22,697
	110,341
CPLC and Beacon Press participation in the Fund	1,113
Helen Robertson Trust Fund held separately	(25)
Value of Fund per basic financial statements	1,088
Accrued Fund expenses	795
Fund net assets per accompanying supplemental schedule of General Investment Fund assets and liabilities	\$ 112,224