

Beacon Press

*Financial Statements for the Years
Ended June 30, 2004 and 2003 and
Independent Auditors' Report*

BEACON PRESS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Unitarian Universalist Association
Boston, Massachusetts

We have audited the accompanying statements of financial position of Beacon Press (a department of Unitarian Universalist 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 Beacon Press 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 Beacon Press 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.

As discussed in Note 8, the accompanying financial statements include significant transactions with a related party and may not necessarily be indicative of the financial position and changes in net assets that would have been obtained if Beacon Press had been operated as an unaffiliated organization. In addition, certain administrative services are provided to Beacon Press by a related party at no cost and are not reflected in the accompanying financial statements.

TBD, 2004

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2004 AND 2003

ASSETS	2004	2003
CURRENT ASSETS:		
Cash	\$ 1,193,065	\$ 993,784
Accounts receivable—net	824,717	798,571
Inventories	681,345	799,311
Prepaid expenses and other assets	<u>11,657</u>	<u>23,209</u>
Total current assets	<u>2,710,784</u>	<u>2,614,875</u>
ASSETS WHOSE USE IS RESTRICTED:		
Temporarily restricted investments	31,703	24,475
Temporarily restricted cash	2,502	356
Permanently restricted investments	<u>41,139</u>	<u>41,139</u>
Total investments whose use is restricted	<u>75,344</u>	<u>65,970</u>
FURNITURE, FIXTURES AND EQUIPMENT—Net	<u>10,431</u>	<u>12,063</u>
ROYALTY ADVANCES	<u>253,193</u>	<u>265,476</u>
TOTAL ASSETS	<u>\$ 3,049,752</u>	<u>\$ 2,958,384</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 114,971	\$ 98,775
Accrued expenses	130,120	120,468
Royalties payable	537,233	470,617
Reserve for returns	399,205	461,808
Amounts due to Unitarian Universalist Association	<u>145,604</u>	<u>284,352</u>
Total current liabilities	1,327,133	1,436,020
ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION	<u>28,753</u>	<u>28,485</u>
Total liabilities	<u>1,355,886</u>	<u>1,464,505</u>
NET ASSETS:		
Unrestricted	1,618,522	1,427,909
Temporarily restricted	34,205	24,831
Permanently restricted	<u>41,139</u>	<u>41,139</u>
Total net assets	<u>1,693,866</u>	<u>1,493,879</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,049,752</u>	<u>\$ 2,958,384</u>

