



**UNITARIAN UNIVERSALIST ASSOCIATION**

Financial Statements and Supplemental Schedules

June 30, 2007 and 2006

(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 statements of financial position of the Unitarian Universalist Association (the Association) as of June 30, 2007 and 2006, 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 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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were 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, 2007, 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.

**KPMG LLP**

October 18, 2007

**UNITARIAN UNIVERSALIST ASSOCIATION**

Statements of Financial Position

June 30, 2007 and 2006

(Dollars in thousands)

<b>Assets</b>	<b>2007</b>	<b>2006</b>
Cash and cash equivalents	\$ 8,668	9,306
Accounts receivable, net	3,231	2,231
Receivables for investments sold	134	2,573
Pledges receivable, net (note 4)	1,581	869
Inventories	1,198	1,121
Other assets	498	1,203
Investments (note 3)	136,980	114,893
Funds held in trust by others	47,445	41,554
Funds held in support of split interest agreements	14,162	12,935
Loans to member congregations, net (note 5)	6,454	6,212
Property and equipment, net (notes 6 and 7)	6,521	6,617
Total assets	\$ 226,872	199,514
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses (note 10)	\$ 8,942	5,958
Payables for investments purchased	403	2,641
Annuity liabilities	3,139	3,150
Bank debt (note 7)	1,704	1,983
Assets held in trust for others	47,534	32,820
Accumulated postretirement benefit obligation (note 9)	2,078	1,709
Total liabilities	63,800	48,261
Net assets:		
Unrestricted	21,944	19,359
Temporarily restricted	75,678	68,290
Permanently restricted	65,450	63,604
Total net assets	163,072	151,253
Commitments and contingencies (note 8)		
Total liabilities and net assets	\$ 226,872	199,514

See accompanying notes to financial statements.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Statements of Activities

Years ended June 30, 2007 and 2006

(Dollars in thousands)

	<b>2007</b>	<b>2006</b>
Changes in unrestricted net assets:		
Revenues:		
Fundraising (APF, Friends, and unrestricted gifts and bequests)	\$ 8,937	8,343
Administration fees	295	278
Investment earnings (note 3)	6,375	3,712
Other income	2,674	1,389
Net sales from publishing activities	7,135	6,522
General assembly	1,680	1,313
Gifts and bequests	97	125
Net assets released from restrictions	8,696	8,715
Total revenues	35,889	30,397
Expenses:		
Board and volunteer leadership	847	716
Advocacy and witness	2,026	2,192
Congregational services	2,072	2,049
District services	2,548	2,325
Identity-based ministries	654	495
Lifespan faith development	991	828
Ministry and professional development	3,135	2,653
UU Funding Program	970	1,050
Crisis Relief Program	1,695	1,770
Communications	2,283	1,733
Cost of goods sold and publishing expenses	6,369	5,602
Administration	1,354	1,423
Stewardship and development	2,439	2,366
Information technology services	1,045	1,155
Internal services	2,226	2,157
General assembly	1,385	1,195
Expenses associated with investment pools	778	734
Interest	118	147
Total expenses	32,935	30,590
Changes in accounting principles (notes 9 and 10)	(369)	(390)
Increase (decrease) in unrestricted net assets	2,585	(583)
Changes in temporarily restricted net assets:		
Gifts and bequests	340	732
Investment earnings (note 3)	7,067	2,384
Distributions from Holdeen and Veatch, and capital campaign contributions	4,393	7,060
Net assets released from restrictions	(8,696)	(8,715)
Increase in value of split-interest agreements and master trusts	4,284	1,147
Increase in temporarily restricted net assets	7,388	2,608
Changes in permanently restricted net assets:		
Gifts and bequests	82	961
Increase in value of split-interest agreements and master trusts	1,764	368
Increase in permanently restricted net assets	1,846	1,329
Change in net assets	11,819	3,354
Net assets as of beginning of year	151,253	147,899
Net assets as of end of year	\$ 163,072	151,253

See accompanying notes to financial statements.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Statements of Cash Flows

Years ended June 30, 2007 and 2006

(Dollars in thousands)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 11,819	3,354
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	461	467
Changes in accounting principles	369	390
Net realized and unrealized gains on investments	(11,206)	(4,226)
Contributions restricted for long-term investment	(82)	(961)
Net change in value of split-interest and master trust agreements	(6,048)	(1,515)
Changes in assets and liabilities:		
Accounts receivable, net	1,439	(2,443)
Pledges receivable, net	(712)	148
Inventories	(77)	3
Other assets	705	(260)
Accounts payable and accrued expenses	3,000	410
Other liabilities	(2,238)	2,641
Amounts due to member congregations	(16)	(14)
Annuity liabilities and deferred revenue	(11)	6
Accumulated postretirement benefit obligation	369	(54)
Net cash used in operating activities	<u>(2,228)</u>	<u>(2,054)</u>
Cash flows from investing activities:		
Cost of purchases of investments	(57,410)	(60,689)
Proceeds from sales of investments	45,091	60,827
Purchases of property and equipment	(365)	(460)
Change in assets held in trust for others	14,714	4,241
Change in loans to member congregations, net	(242)	1,436
Net cash provided by investing activities	<u>1,788</u>	<u>5,355</u>
Cash flows from financing activities:		
Repayment of bank debt	(1,017)	(1,611)
Proceeds from bank debt	737	—
Contributions restricted for long-term investment	82	961
Net cash used in financing activities	<u>(198)</u>	<u>(650)</u>
Change in cash and cash equivalents	(638)	2,651
Cash and cash equivalents as of beginning of year	<u>9,306</u>	<u>6,655</u>
Cash and cash equivalents as of end of year	\$ <u><u>8,668</u></u>	\$ <u><u>9,306</u></u>
Supplemental disclosure:		
Cash paid for interest	\$ 99	147

See accompanying notes to financial statements.

# UNITARIAN UNIVERSALIST ASSOCIATION

## Notes to Financial Statements

June 30, 2007 and 2006

(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, a board-appointed executive vice-president, a board-appointed 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 composed 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 expire by passage of time and/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. Charitable lead trusts, in which a donor establishes and funds a trust with distributions to be made to the Association over a specified period no matter what duration, are categorized as temporarily restricted net assets.

*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

## UNITARIAN UNIVERSALIST ASSOCIATION

### Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, such assets are released from restrictions to unrestricted net assets.

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 promised gift 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 U.S. 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



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## Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

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.

*(e) Investments*

Investments are carried at fair value. All long-term investments have been reported in the financial statements at their fair value in the case of marketable securities. The fair value of publicly traded securities is based upon quotes from the principal exchanges on which the security is traded. Mutual fund investments are valued based on net asset values. 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.

Alternative investments are composed of institutional funds for which the estimated fair value is based on valuations provided by the external investment managers. Since these investments are not readily marketable, their estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for such investments existed, and such difference could be material. 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's and member congregations' endowments 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 value.

GIF assets are invested by several outside investment managers in a wide array of investment vehicles with the objective of maximizing the GIF total return, while minimizing risk through diversification. Income, net of expenses, is distributed quarterly based upon a 13-quarter rolling average 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 management believes 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.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

**(f) Inventory**

Finished goods inventories, consisting primarily of books, 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.

**(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 \$11,566 and \$9,159 at June 30, 2007 and 2006, 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 and/or purpose. Temporarily restricted net assets consisted of the following as of June 30:

	<b>2007</b>	<b>2006</b>
Amounts restricted by donors for programs	\$ 5,010	5,580
Net realized and unrealized gains on temporarily and permanently restricted net assets	33,348	28,877
Amounts to be unrestricted in later periods	1,440	1,437
Holdeen Trusts*	35,880	32,396
	\$ 75,678	68,290

\* 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 after which the assets revert to the Commonwealth of Pennsylvania. 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.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

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

	<b>2007</b>	<b>2006</b>
Purpose restrictions	\$ 8,696	8,715
	\$ 8,696	8,715

**(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 are 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:

	<b>2007</b>	<b>2006</b>
Assets for which earnings are restricted as to purpose	\$ 53,884	54,445
Perpetual trusts	11,566	9,159
	\$ 65,450	63,604

**(j) Publishing Sales Recognition**

Sales are recorded upon shipment of books. The Association accepts returns for as long as the book remains in print, and are estimated, by recording a return reserve at the time of sale.

**(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

# UNITARIAN UNIVERSALIST ASSOCIATION

## Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

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% for both the years ended June 30, 2007 and 2006. Initial contribution revenue is recognized based upon the present value of the net anticipated benefit. Subsequent changes in net fair value are reported in “change” in value of split-interest and master trust agreements.

**(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. Total fundraising costs for the years ended June 30, 2007 and 2006 were \$1,609 and \$1,512, respectively, and are included in stewardship and 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 (SFAS) No. 107, *Disclosures About the Fair Value of Financial Instruments*, the estimated fair values of the Association’s financial instruments as of June 30, 2007 have been determined by using, where practicable, appropriate valuation methodologies.

The Association believes that its debt approximates fair value based on estimates using interest rates available for similar debt with equivalent maturities.

**(q) Asset Retirement Obligations**

The fair value of a liability for legal obligations associated with asset retirements is recognized in the period in which it is incurred, in accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations* (SFAS 143), and Financial Accounting Standards Board (FASB) Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47), if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost associated

## UNITARIAN UNIVERSALIST ASSOCIATION

### Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

with the retirement obligations is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of activities.

### (3) Investments

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

	<b>2007</b>	<b>2006</b>
Equity securities:		
Domestic	\$ 40,750	40,636
Fixed income securities:		
Domestic	33,136	28,047
Foreign	5,795	5,542
Mutual funds:		
Foreign equity	29,836	18,970
Alternative assets	26,121	19,977
Certificates of deposit	1,342	1,721
	\$ 136,980	114,893

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

	<b>2007</b>	<b>2006</b>
Unrestricted	\$ 15,961	10,787
Temporarily restricted	33,429	29,286
Permanently restricted	48,135	49,101
Assets held in trust for others (member congregations)	39,455	25,719
Total	\$ 136,980	114,893

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

	<b>2007</b>	<b>2006</b>
Investment income	\$ 2,236	1,870
Net realized gain on investments	6,429	6,011
Net change in unrealized gain on investments	4,777	(1,785)
Investment return	\$ 13,442	6,096

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

**(4) Promises to Give**

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

	<b>2007</b>	<b>2006</b>
Pledge purpose:		
Campaign for Unitarian Universalism	\$ 200	574
Now is the Time Campaign	1,594	406
	\$ 1,794	980
Amounts due in:		
Less than one year	\$ 1,561	873
Two to five years	200	107
Over five years	33	—
	1,794	980
Less allowance for uncollectible pledges and present value discount	(213)	(111)
Pledges receivable, net	\$ 1,581	869

The rate used to discount pledges receivable was 6% as of both June 30, 2007 and 2006.

**(5) Loans to Member Congregations**

Loans and advances totaling \$6,454 and \$6,212, net of allowance for uncollectible loans, as of June 30, 2007 and 2006, 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, 2007 and 2006, respectively. The loans mature at various dates from November 2007 to January 2032, and bear interest at rates ranging from 0% to 7%.

The allowance for uncollectible loans was \$418 and \$418 as of June 30, 2007 and 2006, respectively.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

**(6) Property and Equipment**

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

	<b>2007</b>	<b>2006</b>
Land, buildings and improvements	\$ 9,672	9,505
Computer equipment	935	2,791
Office furniture and fixtures	530	515
Vehicles	23	17
	11,160	12,828
Less accumulated depreciation	(4,639)	(6,211)
Property and equipment, net	\$ 6,521	6,617

Depreciation expense for the years ended June 30, 2007 and 2006 was \$468 and \$467, respectively. During 2007, \$2,016 of fully depreciated computer equipment and a fully depreciated vehicle were written off.

**(7) Bank Debt**

During 2002, the Association, on behalf of the CPLC, entered into an agreement with a bank for 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.

**(a) 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 4.88% and 5.54%, and mature at various dates through December 30, 2013. Amounts owed on behalf of the CPLC under the line of credit total \$670 and \$850 as of June 30, 2007 and 2006, respectively. During 2005, this revolving line of credit was increased to \$6,000, and during 2007 this revolving line of credit was extended to November 30, 2008.

**(b) Mortgage Note**

The mortgage note bears interest at a fixed rate per annum equal to 5.78% 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. Effective as of February 12, 2007 the mortgage note was extended to February 29, 2012. The outstanding balance as of June 30, 2007 and 2006 was \$1,034 and \$1,133, respectively.

Interest expense was \$118 and \$147 for the years ended June 30, 2007 and 2006, respectively.

# UNITARIAN UNIVERSALIST ASSOCIATION

## Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

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

2008	\$	221
2009		749
2010		133
2011		134
2012		167
2013–2015		<u>300</u>
Total	\$	<u><u>1,704</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, 2007 were:

2008	\$	132
2009		28
2010		24

Rental expense charged to operations was \$206 and \$210 for the years ended June 30, 2007 and 2006, respectively.

The Association guarantees certain loans extended by various lending institutions to member congregations. The outstanding guarantees were \$1,790 and \$2,568 as of June 30, 2007 and 2006, respectively, on loans totaling \$5,332 and \$8,449, 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.

On January 1, 2007, the Unitarian Universalist Organizations Health Plan (the Plan) was established and began operations. The Plan was organized to operate as an employee welfare benefit plan described in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended. The Plan is a self-funded medical health insurance program for Association employees and the employees of congregations and affiliates. The Association is administrator and sponsor of the Plan. The Trustees of the Plan determine premiums to be charged and use a service organization to evaluate the process of benefit payments. In the event that assets accumulated in the trust are insufficient to cover the expected benefit payments, the Association has provided the Plan with a guarantee to satisfy any unfunded obligations of the trust. As of June 30, 2007, the Plan was sufficiently funded to cover all actuarially determined obligations.



**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2007 and 2006

(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 \$899 and \$826 for the years ended June 30, 2007 and 2006, respectively.

The Association provides a healthcare retirement plan (the Plan) to certain employees retired prior to 2002, as well as to certain active employees who were over age 45 on April 1, 2002. The measurement date used to determine benefit measures for the Plan is June 30.

Effective June 30, 2007, the Association adopted FASB No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (FASB No. 158), which amends the disclosures required by FASB No.106.

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:

	<b>2007</b>	<b>2006</b>
Accumulated postretirement benefit obligations (APBO) as of June 30	\$ (2,078)	(1,709)
Fair value of Plan assets as of June 30	—	—
APBO in excess of fair value of Plan assets (accrued benefit cost)	\$ (2,078)	(1,709)
Net periodic cost	\$ (140)	(165)
Employer contribution	137	127
Benefits paid	(137)	(127)

Assumptions used to determine the benefit obligation as of June 30, 2007 and 2006 are as follows:

	<b>2007</b>	<b>2006</b>
Discount rate	6.30%	6.50%
Rate of increase in healthcare costs	9.00	10.00

As of June 30, 2007, the item not yet recognized as a component of net periodic benefit cost is an unrecognized actuarial net loss of \$369. The \$369 appears on the statement of activities as a change in accounting principle decreasing unrestricted net assets.

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to Financial Statements

June 30, 2007 and 2006

(Dollars in thousands)

The effects of applying FASB No. 158 on the Association's financial position as of June 30, 2007 were as follows:

	<b>Before FASB No. 158</b>	<b>After FASB No. 158</b>
Accrued benefit cost	\$ 1,709	2,078

The following expected future benefit payments are as follows:

Year-end:		
2008	\$	157
2009		166
2010		172
2011		177
2012		178
2013 – 2017		887

**(10) Change in Accounting Principle**

In March 2005, the FASB issued FIN 47, *Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143*. This interpretation clarifies that an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. SFAS 143 requires the fair value of a liability for a legal obligation associated with an asset retirement be recorded in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement is capitalized.

The Association adopted FIN 47 effective July 1, 2005 and recorded a cumulative effect of a change in accounting principle of \$390, which reflects the accretion of the liability and depreciation of the related asset component from the liability inception date through June 30, 2005. Accretion of the liability will be provided in operations for future inflation of these costs, and subsequent actual costs will be charged as incurred to the liability account.

## UNITARIAN UNIVERSALIST ASSOCIATION

## Assets by Business Segment

June 30, 2007

(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	\$ 3,076	1,671	57	3,864	—	8,668
Investments	233	81	120	136,546	—	136,980
Accounts receivable, net	1,846	1,348	—	37	—	3,231
Receivables for investments sold	—	—	—	134	—	134
Pledges receivable, net	1,581	—	—	—	—	1,581
Inventories	403	795	—	—	—	1,198
Amounts due from other business sections	3,855	—	1,641	—	(5,496)	—
Other current assets	102	20	—	—	—	122
Total current assets	<u>11,096</u>	<u>3,915</u>	<u>1,818</u>	<u>140,581</u>	<u>(5,496)</u>	<u>151,914</u>
Funds held in trust by others	47,445	—	—	—	—	47,445
Funds held in support of split interest agreements	14,162	—	—	—	—	14,162
Other assets	200	—	—	—	—	200
Loans to member congregations, net	—	—	6,454	—	—	6,454
Property and equipment, net	6,507	14	—	—	—	6,521
Royalty advances	—	176	—	—	—	176
Total assets	<u>\$ 79,410</u>	<u>4,105</u>	<u>8,272</u>	<u>140,581</u>	<u>(5,496)</u>	<u>226,872</u>

See accompanying independent auditors' report.

## UNITARIAN UNIVERSALIST ASSOCIATION

## Liabilities and Net Assets by Business Segment

June 30, 2007

(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	\$ 5,432	1,628	6	1,862	—	8,928
Payables for investments purchased	—	—	—	403	—	403
Current portion of annuity liabilities	410	—	—	—	—	410
Current portion of bank debt	167	—	54	—	—	221
Amounts due to (from) other business segments	1,539	112	—	3,845	(5,496)	—
Total current liabilities	7,548	1,740	60	6,110	(5,496)	9,962
Bank debt	867	—	616	—	—	1,483
Annuity liability and deferred revenue	2,729	—	—	—	—	2,729
Assets held in trust for others	8,079	—	—	39,455	—	47,534
Amounts due to member congregations	—	—	14	—	—	14
Accumulated postretirement benefit obligation	2,060	18	—	—	—	2,078
Total liabilities	21,283	1,758	690	45,565	(5,496)	63,800
Net assets:						
Unrestricted	4,397	2,198	1,718	13,631	—	21,944
Temporarily restricted	42,021	108	201	33,348	—	75,678
Permanently restricted	11,709	41	5,663	48,037	—	65,450
Total net assets	58,127	2,347	7,582	95,016	—	163,072
Total liabilities and net assets	\$ 79,410	4,105	8,272	140,581	(5,496)	226,872

See accompanying independent auditors' report.

## UNITARIAN UNIVERSALIST ASSOCIATION

Activities by Business Segment

Year ended June 30, 2007

(Dollars in thousands)

	Current	Beacon Press	CPLC	GIF	Eliminations	Total
Support and revenue:						
Fund raising	\$ 8,937	—	—	—	—	8,937
Administration fees	705	—	—	—	(410)	295
Investment income – unrestricted	2,166	58	333	667	(2,165)	1,059
Investment income – temporarily restricted	—	—	—	1,177	—	1,177
Other income	3,356	162	—	—	(844)	2,674
Net sales from publishing activities	1,257	5,878	—	—	—	7,135
Distributions from Holdeen and Veatch and capital campaign contribution	7,426	—	—	—	(3,033)	4,393
General assembly	1,680	—	—	—	—	1,680
Gifts and bequests – unrestricted	—	70	—	27	—	97
Gifts and bequests – temporarily restricted	—	52	—	288	—	340
Gifts and bequests – permanently restricted	—	—	—	82	—	82
Net realized gains and losses on investments – unrestricted	—	—	—	2,332	—	2,332
Net realized gains and losses on investments – temporarily restricted	—	—	—	4,097	—	4,097
Net change in unrealized gains and losses on investments – unrestricted	—	—	—	2,984	—	2,984
Net change in unrealized gains and losses on investments – temporarily restricted	—	5	—	1,788	—	1,793
Net change in value – temporarily restricted	3,626	—	—	—	—	3,626
Net change in value – permanently restricted	2,422	—	—	—	—	2,422
Net assets released from restrictions – unrestricted	8,052	30	—	(2,378)	2,992	8,696
Net assets released from restrictions – temporarily restricted	(7,996)	(30)	—	(3,703)	3,033	(8,696)
Total support and revenue	31,631	6,225	333	7,361	(427)	45,123
Expenses:						
Board and volunteer leadership	847	—	—	—	—	847
Advocacy and witness	2,026	—	—	—	—	2,026
Congregational services	2,072	—	—	—	—	2,072
District services	2,548	—	—	—	—	2,548
Identity-based ministries	654	—	—	—	—	654
Lifespan faith development	991	—	—	—	—	991
Ministry and professional development	3,135	—	—	—	—	3,135
UU Funding Program	970	—	—	—	—	970
Crisis Relief Program	1,695	—	—	—	—	1,695
Communications	2,283	—	—	—	—	2,283
Cost of goods sold and publishing expenses	372	5,997	—	—	—	6,369
Administration	1,354	—	—	—	—	1,354
Stewardship and development	2,439	—	—	—	—	2,439
Information technology services	1,045	—	—	—	—	1,045
Internal services	2,226	—	—	—	—	2,226
General assembly	1,385	—	—	—	—	1,385
Expenses associated with investment pools	—	—	311	894	(427)	778
Interest expense	66	—	52	—	—	118
Total expenses	26,108	5,997	363	894	(427)	32,935
Support and revenue, net of expenses	5,523	228	(30)	6,467	—	12,188
Other changes in net assets	(951)	—	126	825	—	—
Change in accounting principle	(369)	—	—	—	—	(369)
Increase in net assets	\$ 4,203	228	96	7,292	—	11,819

See accompanying independent auditors' report.

**Schedule IV****UNITARIAN UNIVERSALIST ASSOCIATION**General Investment Fund Assets and Liabilities  
(Unitized portion only)

June 30, 2007

(Dollars in thousands)

Assets:	
Investments in securities, at fair value (cost of \$115,917)	\$ 137,616
Dividends receivable	38
Total assets	<u>137,654</u>
Liabilities:	
Distributions payable	1,246
Accrued expenses	220
Total liabilities	<u>1,466</u>
Net assets (equivalent to \$8.159 per unit based on 16,691,713 outstanding shares)	<u>136,188</u>
Total liabilities and net assets	<u>\$ 137,654</u>

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

## UNITARIAN UNIVERSALIST ASSOCIATION

General Investment Fund Operations  
(Unitized portion only)

Year ended June 30, 2007

(Dollars in thousands)

Investment income:		
Dividends (net of foreign tax withheld of \$3,374)	\$	2,416
Other		121
Total investment income		<u>2,537</u>
Expenses:		
Administrative		234
Manager and consultant		624
Audit		31
Total expenses		<u>889</u>
Net investment income		<u>1,648</u>
Realized and unrealized gain from investments:		
Net realized gain from investments sold		8,574
Net change in unrealized appreciation		6,663
Net realized and unrealized gain from investments		<u>15,237</u>
Net increase in net assets from operations	\$	<u><u>16,885</u></u>

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

## UNITARIAN UNIVERSALIST ASSOCIATION

General Investment Fund Changes in Net Assets  
(Unitized portion only)

Year ended June 30, 2007

(Dollars in thousands)

Increase in net assets from operations:		
Net investment income	\$	1,648
Net realized gain from investments sold		8,574
Net change in unrealized appreciation		<u>6,663</u>
Net increase in net assets from operations		16,885
Distributions to participants		(9,946)
Net increase in net assets from participant transactions		<u>13,163</u>
Net increase in net assets		20,102
Net assets:		
Beginning of year		<u>116,086</u>
End of year	\$	<u><u>136,188</u></u>

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



## UNITARIAN UNIVERSALIST ASSOCIATION

General Investment Fund Financial Highlights  
(Unitized portion only)

Year ended June 30, 2007

(For a unit of participation outstanding throughout the year)

(Dollars in thousands)

## Selected per unit data:

Net asset value – beginning of year	\$ <u>7.6450</u>
Net investment income	0.0990
Net realized and unrealized gain from investments	<u>1.0120</u>
Total from investment operations	8.7560
Distributions to participants	<u>(0.5970)</u>
Net asset value – end of year	\$ <u><u>8.1590</u></u>
Total return (%) (a)(b)	14.50%
Ratio of expenses to net assets (%)	0.65%

- (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.
- (b) The Association issues quarterly Performance Summary reports to unit holders in the GIF, which show investment returns compared to benchmarks as calculated by the Association's investment advisor. These rates of return differ from net asset value total return for several reasons, among them: the investment returns on the Performance Summary reports are calculated before the deduction of investment management fees and expenses; and in some cases the periods covered for particular investment funds may not be identical in the two calculations.

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

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2007

Asset name	Shares	Market value	Asset name	Shares	Market value
3D Systems Corp	1,075	\$ 26,735	Americredit Corp	193	\$ 5,124
3M Co	900	78,111	Amerisourcebergen Corp	1,175	58,127
Abaxis Inc	1,450	30,247	Amgen Inc	900	49,761
Abbott Laboratories	500	26,775	Anheuser-Busch Cos Inc	600	31,296
Abraxis Bioscience Inc	5,500	122,265	Annaly Mortgage Management Inc	2,465	35,545
ACE Ltd	1,700	106,284	Ansys Inc	1,600	42,400
Activision Inc	2,200	41,074	Apache Corp	700	57,113
Adobe Systems Inc	400	16,060	Apple Computer Inc	7,800	951,912
Advanced Micro Devices Inc	400	5,720	Applera Corp-Applied Biosystems Grp	250	7,635
Advisory Board Co	650	36,114	Applied Materials Inc	3,169	62,968
Aecom Technology Corp	1,550	38,456	Arcelor Mittal Steel-A NY Regd Shrs	1,500	93,600
AES Corp	400	8,752	Archstone-Smith Tr	250	14,778
Aetna Inc	500	24,700	Arrow Electronics Inc	450	17,294
Affiliated Managers Group Inc	700	90,132	Ashland Inc	1,100	70,345
Aflac Inc	500	25,700	Aspen Technology Inc	3,200	44,800
Agile Software Corp	2,700	21,762	AT&T Inc	10,864	450,856
Agilent Technologies Inc	618	23,756	Audiocodes Ltd	5,150	28,943
Agrium Inc	1,400	61,250	Autodesk Inc	100	4,708
Air Products & Chemicals Inc	500	40,185	Autoliv AB	1,100	62,557
Alexander & Baldwin Inc	1,900	100,909	Automatic Data Processing Inc	800	38,776
Allegheny Energy Inc	200	10,348	Avery Dennison Corp	127	8,443
Allegheny Technologies Inc	46	4,824	Avis Budget Group Inc	2,200	62,546
Allegiant Travel Co	1,200	36,888	Avon Products Inc	1,293	47,518
Allergan Inc	10,800	622,512	B&G Foods Inc-A	2,550	33,660
Allstate Corp	1,600	98,416	* Bank of America Corp	10,234	500,340
Alltel Corp	350	23,643	Bank of Hawaii Corp	1,742	89,957
Ambac Financial Group Inc	1,450	126,426	Bank of New York Co Inc	43	1,782
Amer Movil Sa De CV Ser L-Sponsd Adr	11,400	706,002	Bard (C R) Inc	150	12,395
American Electric Power Co Inc	2,300	103,592	Bare Escentuals Inc	1,150	39,273
American Express Co	2,175	133,067	Barnes Group Inc	1,200	38,016
American International Group Inc	5,300	371,159	Barr Pharmaceuticals Inc	150	7,535
American Medical Systems Hldgs Inc	1,850	33,374	Bausch & Lomb Inc	50	3,472
American Standard Cos Inc	50	2,949	Baxter International Inc	660	37,184
American Tower Corp-A	700	29,400	BB&T Corporation	450	18,306

\* Includes securities held for the purposes of shareholder activism.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2007

Asset name	Shares	Market value	Asset name	Shares	Market value
BE Aerospace Inc	1,100	\$ 45,430	* Chevron Corp	5,593	\$ 471,154
Bearingpoint Inc	4,800	35,088	Chicago Bridge & Iron Co NV-NY Shrs	1,350	50,949
Beazer Homes USA Inc	2,200	54,274	Chicago Mercantile Exchange	1,312	701,080
Becton Dickinson & Co	300	22,350	Chubb Corp	1,700	92,038
Bed Bath & Beyond Inc	250	8,998	Cigna Corp	150	7,833
Bemis Co	1,750	58,065	Cincinnati Financial Corp	250	10,850
Biomarin Pharmaceutical Inc	2,350	42,159	Cisco Systems Inc	6,369	177,377
Biomet Inc	200	9,144	CIT Group Inc	100	5,483
BJS Wholesale Club Inc	2,500	90,075	Citadel Broadcasting Corp	46	297
Black & Decker Corp	900	79,479	Citi Trends Inc	1,050	39,858
BMC Software Inc	300	9,090	Citigroup Inc	11,553	592,553
Borgwarner Inc	748	64,358	Citizens Communications Co	650	9,926
Boston Properties Inc	191	19,507	Claymont Steel Holdings Inc	616	13,176
Boston Scientific Corp	601	9,219	* Clear Channel Communications Inc	100	3,782
BP Plc-Sponsored Adr	1,000	72,140	Clorox Co	50	3,105
* Bristol Myers Squibb Co	1,224	38,629	CMS Energy Corp	894	15,377
Broadcom Corp-A	16,500	482,625	Coach Inc	250	11,848
Brookfield Homes Corp	929	27,025	Coca Cola Co	3,000	156,930
Brown & Brown Inc	232	5,832	Coca Cola Enterprises Inc	2,200	52,800
Brown Forman Corp-B	50	3,654	Cogent Communications Group Inc	1,400	41,818
Buffalo Wild Wings Inc	900	37,431	Colgate Palmolive Co	700	45,395
CA Inc	336	8,679	Comcast Corp-A	800	22,496
California Coastal Communities Inc	1,300	22,035	Comerica Inc	2,648	157,477
Campbell Soup Co	200	7,762	Complete Production Services Inc	1,600	41,360
Capella Education Co	991	45,616	Compuware Corporation	500	5,930
Capital Leasing Funding Inc	8,500	91,375	Comverge Inc	1,900	58,919
Cascade Bancorp	1,150	26,611	Conagra Inc	3,700	99,382
Catepillar Inc.	800	62,640	Conocophillips	4,324	339,434
CBS Corp-B	3,750	124,950	Conseco Inc	1,700	35,513
Centerpoint Energy Inc	500	8,700	Consol Energy Inc	1,750	80,693
Centex Corp	800	32,080	Consolidated Edison Inc	650	29,328
Centurytel Inc	900	44,145	Constellation Brands Inc-A	550	13,354
Cerner Corp	3,900	216,333	Constellation Energy Group	900	78,453
Chart Industries Inc	1,700	48,348	Convergys Corporation	349	8,460
Chesapeake Energy Corp	900	31,140	Con-way Inc	2,100	105,504

\* Includes securities held for the purposes of shareholder activism.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2007

Asset name	Shares	Market value	Asset name	Shares	Market value
Copa Holdings SA-A	850	\$ 57,154	Emerson Electric Co	1,700	\$ 79,560
Copart Inc	149	4,558	Employers Holdings Inc	4,800	101,952
Core Laboratories NV	450	45,761	Englobal Corp	3,450	41,918
Corning Inc	355	9,070	Ensco International Inc	1,534	93,589
Countrywide Financial Corp	3,200	116,320	Entergy Corp	1,200	128,820
CRA International Inc	750	36,150	EOG Resources Inc	562	41,060
Crown Holdings Inc	2,400	59,928	Equifax Inc	100	4,442
Cummins Inc	1,035	104,752	EV3 Inc	1,950	32,916
CVS/Caremark Corp	984	35,867	Expeditors International Wash Inc	6,600	272,580
Cypress Bioscience Inc	2,100	27,846	* Exxon Mobil Corp	87	7,298
Dealertrack Holdings Inc	1,250	46,050	Family Dollar Stores Inc	800	27,456
Deere & Company	300	36,222	Federal Home Loan Mortgage Corp	4,216	255,911
* Dell Inc	1,180	33,689	Federal National Mortgage Assn	4,718	308,227
Devon Energy Corp	700	54,803	Fedex Corp	100	11,097
Dexcom Inc	1,700	13,923	Fidelity National Financial Inc-A	3,500	82,950
DJO Inc	1,000	41,270	Fieldstone Investment Corp	5,700	20,748
Dollar General	450	9,864	Fifth Third Bancorp	2,900	115,333
Dominion Resources Inc	1,500	129,465	First Data Corp	100	3,267
Dow Chemical Co	3,650	161,403	First Horizon Natl Corp	500	19,500
Du Pont E I De Nemours & Co	2,800	142,352	Flowserve Corp	2,000	143,200
Duke Energy Corp	689	12,609	Fluor Corp	75	8,353
Eagle Hospitality Properties	2,500	32,900	Ford Motor Co	1,150	10,833
Eastman Kodak Co	225	6,262	Forest Labs Inc	350	15,978
Ebay Inc	600	19,308	Fortune Brands Inc	50	4,119
Eclipsys Corp	1,800	35,640	Foundation Coal Holdings Inc	1,900	77,216
Ecolab Inc	2,405	102,694	Foundry Networks Inc	2,300	38,318
Eddie Bauer Holdings Inc	2,500	32,125	FPL Group Inc	450	25,533
Einstein Noah Restaurant Group Inc	1,960	33,104	Franklin Resources	100	13,247
El Paso Corp	3,100	53,413	Furniture Brands Intl Inc	3,900	55,380
Electronic Data Systems Corp	1,833	50,829	Gannett Co Inc	1,550	85,173
Eli Lilly & Co	2,147	119,974	Gap (The) Inc	5,450	104,095
EMC Corp Mass	799	14,462	Genentech Inc	10,368	784,443

\* Includes securities held for the purposes of shareholder activism.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2007

Asset name	Shares	Market value	Asset name	Shares	Market value
General Growth Properties	134	\$ 7,095	Illinois Tool Works Inc	450	\$ 24,386
General Mills Inc	2,855	166,789	Ingersoll-Rand Co-A	1,025	56,191
General Motors Corp	1,200	45,360	Innerworkings Inc	5,050	80,901
Genuine Parts Co	250	12,400	Intel Corp	2,950	70,033
Genzyme Corporation	9,700	624,680	Interactive Intelligence Inc	2,400	49,440
Geo Group Inc	2,300	66,930	Intercontinental Exchange Inc	4,800	709,680
Gerber Scientific Inc	1,816	21,102	International Business Machines Corp	2,010	211,553
Getty Images Inc	114	5,450	International Flavor & Fragrances	375	19,553
Gilead Sciences Inc	400	15,520	Interpublic Group Companies Inc	3,600	41,040
Google Inc-A	1,952	1,020,311	Intuit Inc	152	4,572
Grainger W W Inc	100	9,305	Intuitive Surgical Inc	2,800	388,556
Grant Prideco Inc	371	19,971	Iron Mountain Inc	6,200	162,006
Great Plains Energy Inc	1,800	52,416	Isilon Systems Inc	1,150	17,733
Group 1 Automotive Inc	1,000	40,340	Jabil Circuit Inc	200	4,414
GSI Commerce Inc	1,450	32,930	Johnson & Johnson	3,550	218,751
Guidance Software Inc	2,250	31,725	Johnson Controls Inc	275	31,837
H&R Block Inc	300	7,011	Jones Apparel Group Inc	2,100	59,325
Hanover Insurance Group Inc	2,700	131,733	JPMorgan Chase & Co	9,076	439,732
Harley Davidson Inc	100	5,961	Juniper Networks Inc	100	2,517
Hartford Financial Servcs Group Inc	2,072	204,113	Kaydon Corp	700	36,484
Healthextras Inc	1,400	41,412	KB Home	1,400	55,118
Helicos Bioscience Corp	4,099	37,137	Kellogg Co	1,850	95,812
Hershey Foods Corp	100	5,062	Kelly Services Inc-A	4,600	126,316
Hewlett-Packard Co	1,600	71,392	Kendle International Inc	1,020	37,505
Hibbett Sports Inc	1,050	28,749	Keycorp	2,700	92,691
Hilton Hotels Corp	300	10,041	Keyspan Corp	350	14,693
* Home Depot Inc	900	35,415	Kimberly Clark Corp	2,475	165,553
Home Inns & Hotels Management-Adr	950	30,600	KMG America Corp	4,100	21,525
Host Hotels & Resorts Inc	642	14,843	Kohls Corporation	150	10,655
Hudson Highland Group Inc	5,500	117,645	Kroger Co	4,000	112,520
Huron Consulting Group Inc	550	40,156	Lamar Advertising Co-A	100	6,276
Icon Plc-Spons Adr	950	41,553	Legg Mason Inc	50	4,919
Ikon Office Solutions Inc	8,700	135,807	Leggett & Platt Incorporated	50	1,103

\* Includes securities held for the purposes of shareholder activism.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2007

Asset name	Shares	Market value	Asset name	Shares	Market value
Lexington Corporate Properties Trust	2,200	\$ 45,760	* Merck & Co Inc	2,755	\$ 137,199
Lexmark International Inc-A	850	41,914	Meritage Corp	600	16,050
Liberty Global Inc-A	1,420	58,277	Merrill Lynch & Co Inc	2,000	167,160
Life Time Fitness Inc	1,000	53,230	Metlife Inc	2,300	148,304
Lifecell Corp	1,400	42,756	MGIC Investment Corp Wis	1,150	65,389
Limited Brands	1,200	32,940	MI Developments Inc Cl A	5,200	189,488
Lincoln National Corp	250	17,738	Micron Technology Inc	350	4,386
Live Nation	2,000	44,760	Microsoft Corporation	6,270	184,777
Liz Claiborne Inc	50	1,865	Millennium Pharmaceuticals Inc	144	1,522
Lodgian Inc	9,000	135,270	Miller Industries Inc	1,900	47,690
Lowe's Cos Inc	17,586	539,714	Millipore Corp	50	3,755
Lubrizol Corp	1,400	90,370	Molex Inc	400	12,004
Lufkin Industries Inc	550	35,503	Molson Coors Brewing Co-B	1,368	126,485
M D C Hldgs Inc	3,800	183,768	Moodys Corp	7,900	491,380
M&T Bank Corporation	200	21,380	Moog Inc-A	800	35,288
Macy's Inc	2,700	107,406	Morgan Stanley Dean Witter & Co	1,100	92,268
Magna International Inc-Cl A	275	25,022	Motorola Inc	3,098	54,835
* Marathon Oil Corp	3,130	187,675	MWI Veterinary Supply Inc	1,050	41,885
Marriott International Inc-A	1,300	56,212	National City Corp	3,950	131,614
Marvel Entertainment Inc	1,250	31,850	National Oilwell Varco Inc	4,500	469,080
Mattel Inc	3,400	85,986	Nationwide Financial Services Inc	1,682	106,336
MBIA Inc	2,200	136,884	Ness Technologies Inc	3,650	47,487
McClatchy Company-A	307	7,770	Netlogic Microsystems Inc	1,200	38,208
McCormick & Co Inc Non-voting	250	9,545	New York Times-A	150	3,810
McDonalds Corp	4,439	225,324	Newell Rubbermaid Inc	128	3,767
McKesson Corp	425	25,347	Newfield Exploration Company	852	38,809
Meadwestvaco Corp	1,649	58,243	News Corp Inc-A	732	15,526
Medco Health Solutions Inc	50	3,900	Nike Inc-B	1,369	79,799
Medtronic Inc	850	44,081	Noble Energy Inc	672	41,926

\* Includes securities held for the purposes of shareholder activism.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2007

Asset name	Shares	Market value	Asset name	Shares	Market value
Nokia Corp Ads Ser A	1,800	\$ 50,598	Pogo Producing Co	133	\$ 6,755
Nordstrom Inc	359	18,352	Portland General Electric Co	1,500	41,160
Norfolk Southern Corp	450	23,657	PPL Corp	200	9,358
Northern Trust Corp	50	3,212	Praxair Inc	550	39,595
Novell Inc	7,300	56,867	Principal Financial Group Inc	400	23,316
Nucor Corp	400	23,460	Procter & Gamble Co	6,238	381,703
Nuvasive Inc	1,600	43,216	Progressive Corp (Ohio)	200	4,786
Nvidia Corp	50	2,066	Prologis Trust	300	17,070
Occidental Petroleum Corp	400	23,152	Providence Service Corp	2,300	61,456
Office Depot Inc	2,750	83,325	Prudential Financial Inc	900	87,507
Old Republic International Corp	3,600	76,536	Psychiatric Solutions Inc	900	32,634
Omicell Inc	1,550	32,209	Public Service Enterprise Group Inc	11	966
Omnicom Group Inc	100	5,292	Pulte Homes Inc	1,950	43,778
Opsware Inc	3,750	35,663	Qualcomm Inc	15,121	656,100
Oracle Corp	1,344	26,490	Quanta Capital Holdings Ltd	4,400	10,560
Overseas Shipbuilding Group	600	48,840	Quest Diagnostics Inc	370	19,111
Owens Illinois Inc	2,400	84,000	Quicksilver Resources Inc	294	13,107
Pall Corp	200	9,198	Qwest Communications Intl Inc	391	3,793
Parexel Int'l Corp	850	35,751	Radian Group Inc	214	11,556
Pathmark Stores Inc	3,900	50,544	Radiation Therapy Services Inc	1,100	28,974
Patterson Cos Inc	4,700	175,169	Regeneration Technologies Inc Del	3,500	39,375
Payless Shoesource Inc	1,100	34,705	Rent-A-Center Inc	2,800	73,444
PDL Biopharma Inc	518	12,069	Resources Connection Inc	1,150	38,157
Pediatrix Medical Group	750	41,363	RH Donnelley Corporation	600	45,468
Penney J C Co	65	4,705	Rohm & Haas Co	400	21,872
Pepsi Bottling Group Inc	200	6,736	Rowan Cos Inc	200	8,196
Perficient Inc	2,850	58,995	Royal Dutch Shell Plc-Adr A	1,000	81,200
Pfizer Inc	18,400	470,488	Russ Berrie Corp	1,000	18,630
Pharmaceutical Product Development	2,100	80,367	Safeco Corp	350	21,791
PHH Corp	3,400	106,114	Safeway Inc	3,000	102,090
Pioneer Cos Inc	2,000	68,740	Saks Incorporated	2,200	46,970
Pioneer Natural Resources Co	83	4,043	Salesforce Com Inc	6,128	262,646
Pitney - Bowes Inc	3,833	179,461	Sally Beauty Co Inc	50	450
PMA Capital Corp	2,000	21,380	Sandisk Corp	50	2,447

\* Includes securities held for the purposes of shareholder activism.

## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2007

Asset name	Shares	Market value	Asset name	Shares	Market value
Sanmina Sci Corp	11,400	\$ 35,682	Sun Micro Systems	2,450	\$ 12,887
Sara Lee Corp	4,800	83,520	Sun Trust Banks Inc	700	60,018
Schering Plough Corp	2,300	70,012	Superior Offshore International	1,900	34,580
Schwab Charles Corp	301	6,177	Supervalu Inc	236	10,932
Scripps Howard Inc-A	750	34,268	SVB Financial Group	650	34,522
Sealed Air Corp	49	1,520	Switch & Data Inc	1,281	24,582
Security Capital Assurance	950	29,327	Symantec Corp	300	6,060
Sempra Energy	500	29,615	Synovus Financial Corp	3,220	98,854
Senorx Inc	4,300	44,118	Sysco Corp	850	28,042
Shaw Group Inc	1,200	55,548	T. Rowe Price Group Inc	550	28,540
Sherwin Williams Co	300	19,941	Taiwan Semiconductor Mfg Co Ltd-Adr	5,728	63,758
SLM Corp	550	31,669	Techne Corp	147	8,410
Smith International Inc	429	25,157	Tellabs Inc	950	10,222
Smurfit-Stone Container Corp	3,100	41,261	Temple Inland Inc	2,204	135,612
Snap On Inc	200	10,102	Teva Pharmaceutical Inds Ltd Adr	7,000	288,750
Solectron Corp	11,900	43,792	Texas Instruments Inc	1,758	66,154
Sonoco Products	1,600	68,496	Thermo Fisher Scientific Inc	800	41,376
Southwest Airlines Co	3,665	54,645	T-HQ Inc Delaware	1,150	35,098
Sovereign Bancorp Inc	3,182	67,267	Tiffany & Co	500	26,530
Spherion Corp	6,100	57,279	* Time Warner Inc	10,300	216,712
Spirit Aerosystems Holdings Inc-A	1,250	45,063	TJX Companies Inc	800	22,000
Sprint Nextel Corp	8,400	173,964	Total Fina Elf SA-Spons Adr	950	76,931
SPX Corp	1,700	149,277	Total System Services Inc	2,074	61,204
St. Joe Company	600	27,804	Travelers Cos Inc	3,850	205,975
St. Jude Medical Inc	100	4,149	Tribune Co	1,184	34,810
Stanley Works	50	3,035	Trident Microsystems Inc	1,700	31,195
Staples Inc	300	7,119	Tronox Inc-A	2,400	34,512
Starbucks Corp	30,506	800,477	Tronox Inc-B	2,800	39,340
* Starwood Hotels & Resorts	100	6,707	* TXU Corp	392	26,382
State Street Corp	450	30,780	Unionbancal Corp	644	38,447
Stryker Corp	5,000	315,450	Unisys Corp	4,700	42,958

\* Includes securities held for the purposes of shareholder activism.



## UNITARIAN UNIVERSALIST ASSOCIATION

## General Investment Fund Schedule of Investments

June 30, 2007

Asset name	Shares	Market value	Asset name	Shares	Market value
Unit Corporation	180	\$ 11,324	Westwood One Inc	16,300	\$ 117,197
United Amer Indemnity Ltd-A	3,279	81,549	Weyerhaeuser Co	150	11,840
United Natural Foods Inc	1,250	33,225	W-H Energy Services Inc	600	37,146
United Parcel Service Inc-B	250	18,250	Whirlpool Corp	100	11,120
Unitedhealth Group Inc	200	10,228	Whole Foods Market Inc	250	9,575
Unumprovident Corp	450	11,750	Wiley John & Sons Inc-A	162	7,823
US Bancorp	2,500	82,375	Williams Sonoma	65	2,053
V F Corp	500	45,790	Winn Dixie Stores Inc	1,300	38,090
Valassis Communications Inc	8,900	152,991	WNS Holdings Ltd-Sponsored Adr	1,550	44,113
* Valero Energy Corp New	500	36,930	Wrigley WM Jr Co	1,150	63,607
Varian Medical Systems Inc	7,100	301,821	Xerox Corp	3,420	63,202
Verisign Inc	150	4,760	Xilinx Inc	400	10,708
Verizon Communications Inc	9,300	382,881	XL Capital Ltd-A	900	75,861
Viacom Inc-B	2,100	87,423	XTO Energy Inc	112	6,731
Vishay Intertechnology Inc	653	10,330	Yahoo! Inc	17,400	472,062
Vodafone Group Plc-Sponsored Adr	2,500	84,075	Zimmer Holdings Inc	2,700	229,203
Wachovia Corp	3,002	153,853	Zoltek Companies Inc	950	39,454
Waddell & Reed Financial Inc-A	1,300	33,813	Zumiez Inc	1,150	43,447
Walgreen Co	10,100	439,754	GMO Global Bond Fund-III	657,833	5,795,507
* Wal-Mart Stores Inc	70	3,368	SIT Total Return 11 Trust	1,162,583	26,371,289
Warnaco Group Inc-A	5,000	196,700	STI Classic Seix High Yield BD FD-I	635,611	6,762,905
Washington Mutual Inc	3,600	153,504	Relational Investors	5,000,000	6,421,994
Washington Post Co-B	10	7,761	Julius Baer International Equity	11,606,229	14,880,131
WCI Communities Inc	4,700	78,396	Templeton Instl Foreign Equity FDS	500,040	14,956,201
Weight Watchers International Inc	66	3,355	Blackrock Fixed Income Global Opportunities	10,000,000	6,846,639
Wellpoint Inc	400	31,932	Bridgewater All Weather Fund	12,722	12,851,948
Wells Fargo Co	10,482	368,652	Community Investments (CDs)		964,761
Wendys International Inc	50	1,838	Other		(55,388)
					<u>136,546,024</u>
			Cash and equivalents		<u>1,069,850</u>
					<u>\$ 137,615,874</u>

\* Includes securities held for the purposes of shareholder activism.

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

**UNITARIAN UNIVERSALIST ASSOCIATION**

Notes to General Investment Fund

June 30, 2007

(Dollars in thousands)

**(1) Investment Transactions**

Purchases and proceeds from sales of securities during the year ended June 30, 2007 were \$46,843 and \$45,091, respectively.

**(2) Units of Participation**

Participant transactions for the GIF for the year ended June 30, 2007 were as follows:

	<b>Units</b>	<b>Amount</b>
Units issued	1,659,135	\$ 12,983
Units redeemed	(459,463)	(3,615)
Reinvestments	305,552	2,402
Total	1,505,224	\$ 11,770

**(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. The following reconciles net assets of the GIF per the accompanying financial statements with amounts reported in the supplemental schedules.

Net assets per financial statements:	
Unrestricted	\$ 13,631
Temporarily restricted	33,348
Permanently restricted	48,037
	95,016
Assets held in trust for others	39,455
	134,471
CPLC and Beacon Press participation in the GIF	1,332
Helen Robertson Trust Fund held separately	(25)
Accrued GIF expenses	410
Fund net assets per accompanying supplemental schedule of General Investment Fund assets and liabilities	\$ 136,188