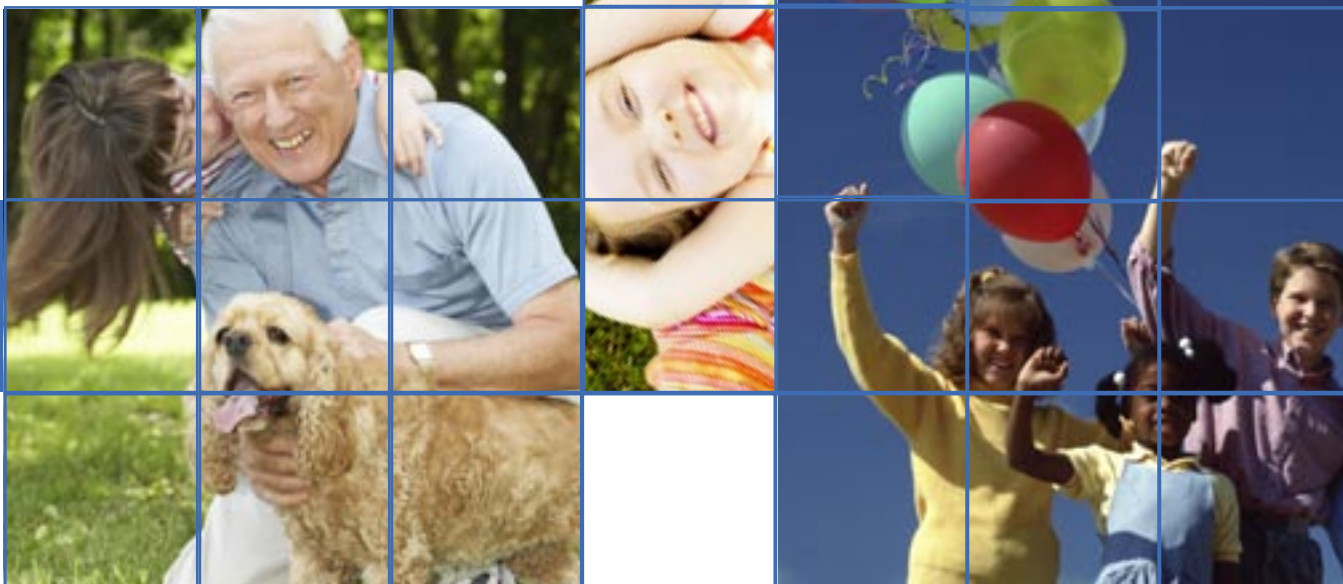




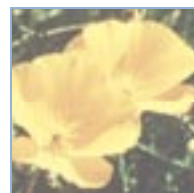
Celebrating 25 Years of Service



2007 Annual Report

501(c)
AGENCIES TRUST





Celebrating 25 Years of Service

From the Chair



Doug McLendon
Immediate Past Chair
501(c) Agencies Trust

This Annual Report covers 2007, the first year since our two former Trusts merged to become the 501(c) Agencies Trust. The year was an unqualified success. Elsewhere in these pages are detailed audited financial performance results. I would like to highlight a few here.

Reimbursement to States. We reimbursed states \$23,374,831 in unemployment costs on behalf of our members.

Savings on Claims. Working together to get favorable claim resolutions, our members and our professional claims management team reduced members' potential liability by an estimated \$14,479,881.

SUI Savings. Our members saved an estimated \$43 million by being in the Trust rather than paying into their states' unemployment fund.

Investments. Members' investments now total \$44.8 million. That's a growth of \$4.8 million, including \$2.8 million in investment returns and appreciation, and \$2 million in new money.

Stop Loss. Fifty-six members with unusually high claims qualified for stop loss reimbursement totaling \$696,733.

Membership. We enrolled 93 new members this past year with a gross annual payroll of just over \$219 million.

Member Outreach. The Member Services team made over 4,000 calls and by the end of October had contacted every member agency at least once.

Training. Our training activities included 18 workshops held in various states, webinars, orientation sessions for all new members, and more than 44,000 tips emailed to members and their staff.

HR Services. During 2007, the HR Services staff fielded over 6,000 phone queries from members, and provided many callers with various types of written information such as sample personnel procedures, posters, and bulletins.

This is my last report to you as your Chair. Bill Tsoukalas, a nonprofit professional who has served on this board and on that of Northwest Agencies' Trust, became your new chair in January. Under his leadership, I'm sure the Trust will continue to thrive.

In his message, your Immediate Past Chair, Doug McLendon, reviews the Trust's performance during 2007, which was an extremely successful year. I'd like to take a forward view and discuss our plans in four areas.

Membership. We will continue to expand our membership, which will create an even broader financial base for the Trust. We planned an aggressive recruiting campaign, and have gotten off to an excellent start. We may be aided in this effort by states that have raised their tax rates and taxable wage bases, thus making Trust membership even more attractive. Many agencies join because another member has told them about the Trust. I encourage you to spread the word among your colleagues throughout the country about how membership can benefit both their agencies and the people they serve.

Claims. In 2008, we expect a 20% increase in our reimbursements to states on behalf of our members. In March of this year, jobless filings reached their highest level nationally since 2005, but the Trust's policy of having each member maintain a prudent amount in its reserve account is expected to serve us extremely well just as it did during our last major national economic downturn, the recession of 2001-2002.

Member Education. Again this year we are placing a heavy emphasis on member education because we know it is the best way to help members keep the number and the dollar amount of their claims as low as possible. When an agency keeps its claims down, you can be sure that its managers and supervisors are doing a good job of employee counseling and documentation. Its unemployment representative is well prepared for hearings and is promptly forwarding all the necessary materials to the claims consultant.

Member Services. At least once, and more likely several times this year a Member Services associate will call you. These contacts have two purposes: to make sure you are aware of all the benefits you are entitled to as a member and to solicit feedback from you. Take advantage of these calls. Or, if you have a concern, call them directly at 800-442-4867.

Here's to the next 25 years!



Bill Tsoukalas
Current Chair
501(c) Agencies Trust

History of 501(c) Agencies Trust

1972 The Social Security Act is amended to include nonprofits in the unemployment tax system. The act gives nonprofit employers a choice whether to participate in the state tax system or reimburse their state for unemployment benefits paid by the state to their former employees. Many nonprofit leaders are unaware of this option.

1979 - 1981 John Huckstadt, who had served as Executive Director of United Cerebral Palsy from 1970-1978, became aware of the savings potential available to a nonprofit organization by opting out of the SUI tax system and conceptualized a program to take advantage of the savings as well as minimize risk for unexpected claims.



1982 A 'grantor trust' was established with 14 agencies funded by Silicon Valley United Way as Charter members. 501(c) Services was formed to provide financial, administrative, claims management, membership development and insurance services to the program.

1986 The Washington Unemployment Compensation Trust was established with 100 agencies with the help of King County United Way (Seattle).

1987 - 1990 The Washington Trust was expanded to include Alaska, Oregon and Idaho. The name was changed to the Northwest Unemployment Compensation Trust (NUCT). 501(c) Services was formally incorporated and licensed in 40 states to provide management, insurance and surety bonds to member agencies.

1991 The NUCT expanded its services to include a Labor & Industries (L&I) program for Washington members. Over the years to date, the program has secured \$11,000,000 in refunds thereby reducing participating agencies' worker's compensation costs. In addition, individual agency L&I premiums have been significantly reduced through professional claims management.

The Trust's names were changed to the Northwest Agencies' Trust (NAT) and the Joint Agencies' Trust (JAT) in order to recognize the geographical expansion of Trust members.

1992-2004

Over the years, the Trust was refined and important service components were added (i.e., HR Services) in order to deliver a comprehensive unemployment program to members. Trust membership grew to include 993 JAT members and 382 NAT members representing 46 states. 501(c) Services also developed the Boy Scouts of America Unemployment Plan in 1995 with over 100 local councils participating.

2004

The Trust captured the attention of many national nonprofit organizations such as the America's Second Harvest Food Bank, the YMCA of the USA, the Boys and Girls Clubs of America, National Assembly of Health and Human Service Organizations, and the YWCA USA, among others. These large national organizations now endorse the Trust, encourage their affiliates to participate in the Program and have representation on the Board of Trustees.

2005

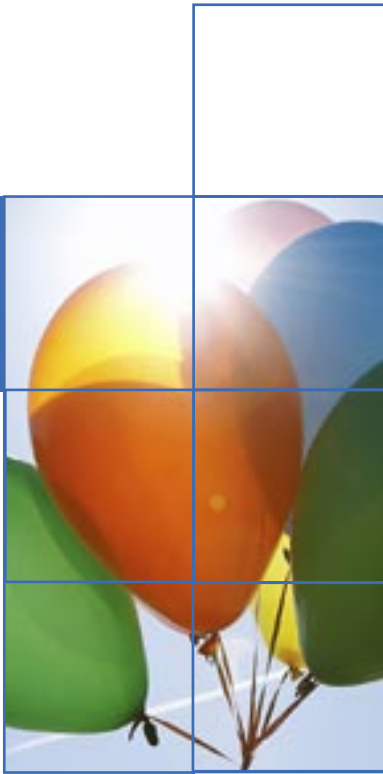
The Trust continued to grow and expand services to Members. Membership grew to 1,004 JAT members nationwide representing 46 states. NAT grew to 402 members and BSA Plan to 129 local council members.

2006

JAT and NAT Trustees began discussions to consider merging the two Trusts into one organization. The Boards voted to approve a merger, and the merger was approved by Members of both Trusts.

2007

JAT and NAT merged into 501(c) Agencies Trust effective January 2007. In the 25-year history of the Unemployment Trust Program, 1,600+ member agencies saved more than a billion dollars. In September, the Trustees and regional representative agencies celebrated the 25th year anniversary in Seattle, Washington.



Financial Statements

The Trust's financial statement is compiled with the solidity of generally accepted accounting practices. An annual audit is performed by an outside contractor that reviews all aspects of members' deposit and trust expenditures.

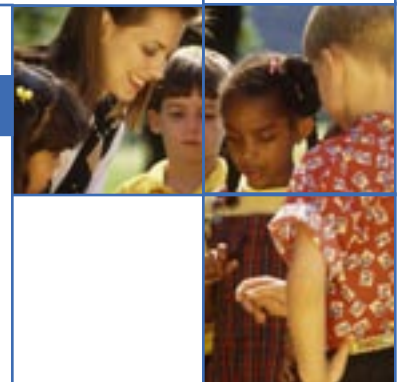


Statement of Net Assets

	2007	2006	2005
Cash & Investments	63,325,301	59,927,326	49,720,194
Receivables	2,115,938	1,698,844	2,391,199
Prepaid Expenses	48,632	3,766,318	4,077,788
Total Assets	65,489,871	65,392,488	56,189,181
Benefit Claims Payable	5,608,467	5,454,721	6,600,879
Accrued Operating Expenses	156,634	350,327	303,389
Total Liabilities	5,765,101	5,805,048	6,904,268
Members' Assets, Net of Accruals	56,996,597	57,040,458	46,149,530
L&I Retro Program Net Assets	1,759,490	1,645,869	2,157,341
Designated Net Assets	968,683	901,113	978,042
Total Net Assets	59,724,770	59,587,440	49,284,913
Total Liabilities & Net Assets	65,489,871	65,392,488	56,189,181

Statement of Changes in Members' Net Assets

	2007	2006	2005
Deposits	30,593,999	37,618,259	38,511,802
Refund / (Assessment), L&I Retro Program	60,123	(532,798)	2,708,932
Interest & Investment Income	3,477,783	4,858,376	2,900,575
Total Revenues	34,131,905	41,943,837	44,121,309
Claims Expense	(23,528,578)	(22,792,899)	(24,694,789)
Stop Loss Recovery	696,733	729,647	568,739
Insurance	(4,110,649)	(3,828,004)	(3,493,809)
Member Services	(5,484,085)	(4,902,194)	(4,437,381)
Total Operating Expenses	(32,426,579)	(30,793,450)	(32,057,240)
Member Withdrawal & Transfers	(1,537,072)	(873,765)	(843,746)
Member Distributions, L&I Retro Program	-	477	2,121,144
Other Adjustments	(30,925)	26,381	(44,217)
Total Other Changes in Net Assets	(1,567,997)	(846,907)	1,233,181
Total Change in Net Assets	137,329	10,303,480	13,297,250

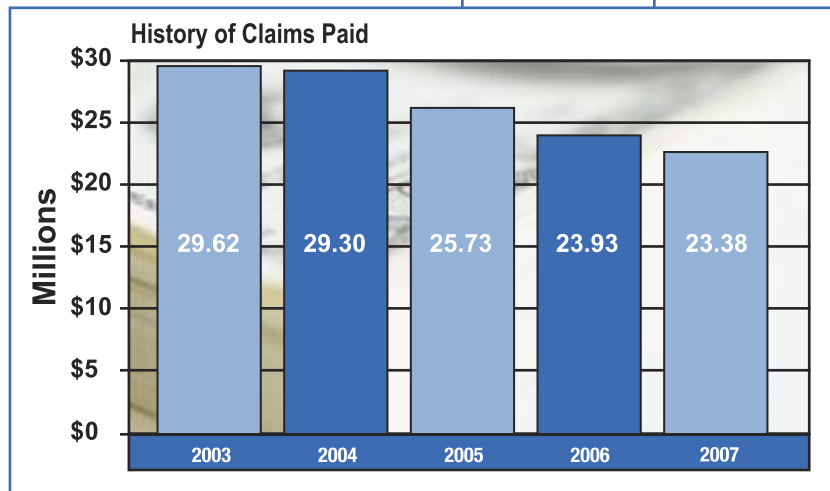
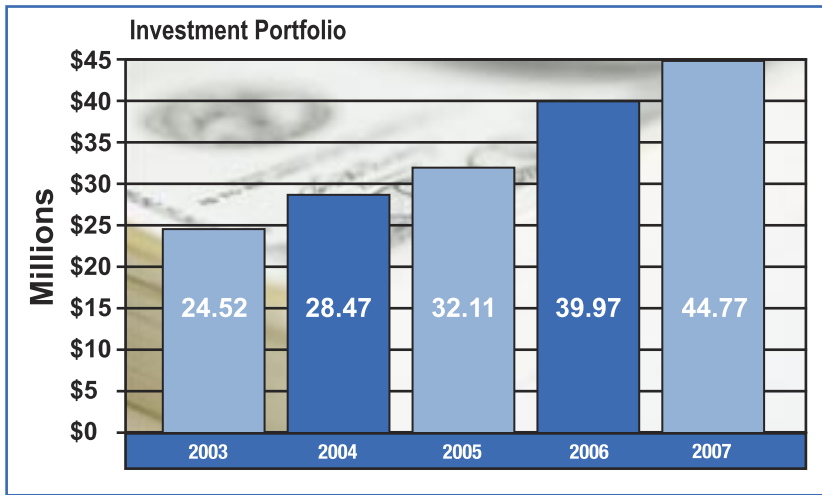


Growth and Accomplishments

501(c) Portfolio Growth

The Trust investments, managed by Wurts & Associates with Trustee oversight, outperformed the Policy Index in the 1-year, 3-year and 5-year ranges in 2007.

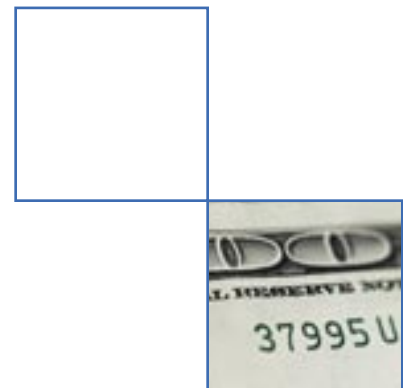
This outstanding performance resulted in total growth from investments of **2.8 million** or **74%** for the year ended December 31, 2007.



2007 Claims Activity Summary

- 22,556 claims were managed in 2007 representing \$72,244,143 in total potential liability
- \$14,479,881 was saved from potential liabilities by protesting claims
- \$949,316 in charges were reversed due to careful audits of the states' erroneous unemployment benefit charges
- \$23,374,831 in claims were paid on behalf of our members

On an average, trust members saved 20% on potential claims liability in 2007 due to the Trust's vigorous monitoring of unemployment claims filed.



25 Years of Results Worth Celebrating

Last September, trustees, past board chairs, and representatives from all of our regions gathered in Seattle to mark the Trust's 25th Anniversary. There was a celebratory dinner, proclamations from various state and local governments, and considerable recollection of how the Trust has progressed over the past quarter century.



Founded with just 14 agencies, the Trust now has more than 1,500 members all across the United States. The original objective was to enable nonprofits to reduce their unemployment costs by choosing to reimburse their states as part of the Trust rather than paying into their SUI systems. While the founding members felt confident of success, the amount of the savings in the intervening years — estimated to be greater than \$1 billion — has exceeded even their grandest expectations. In 2007 those cost reductions totaled more than \$48 million.



Tara Malone of the Musculoskeletal Transplant Foundation said that after her organization's New Jersey headquarters joined the Trust in 2006, the agency reduced its state unemployment costs by 35%.

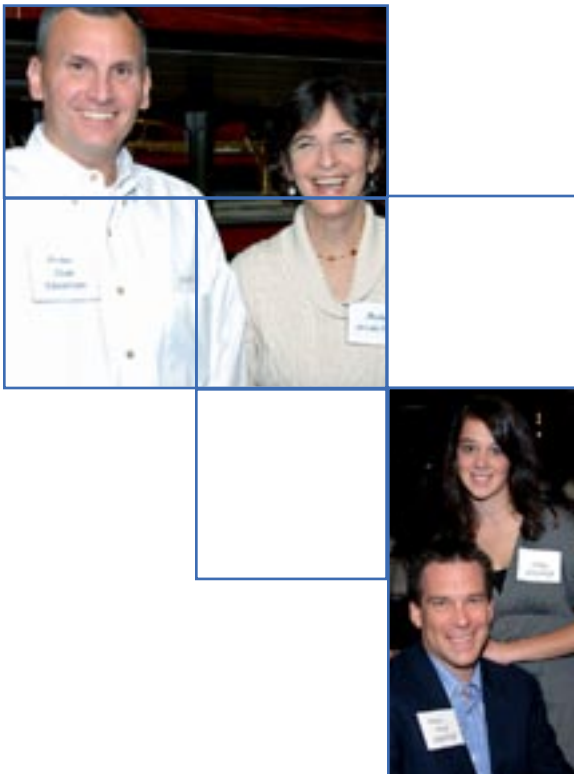
One of the most valuable tools for Julie Rae Hintze, HR Director of Community Bridges in California, is the Trust's HR Services Hotline. "I know I can call on a topic and they will be there to assist."

Dean Ehrenheim, CEO of the Owensboro Family YMCA in Kentucky said that his agency was helped in defending a claim that could have cost them thousands of dollars. "We are too small to have a human resources department," he said. "But with the Trust, it's like having an HR professional next door assisting us."

Stephanie Wells, Director of Finance and HR at the MANNA Foodbank in Asheville, North Carolina, said her agency has saved thousands of dollars, and as a result has been able to "put many more meals on the table of those in need in Western North Carolina."

When Mark Spiegelhoff of the Quincy Family YMCA in Illinois took over as CEO five years ago, his agency was paying \$20,000 annually to keep their state reserve account funded following numerous unemployment claims. "The Trust greatly reduced our claims in only one year."

Suzan Dawe, Director of Human Resources for Holt International Children's Services, said her agency's successful challenge in a New Jersey claim hearing was directly attributable to the proactive approach of the Trust's claims manager.



Today the Trust is a successful, well-known, financially solid organization. And looking back from 25 years later the best part about the estimated \$1 billion in savings over the years is that most of it has been put back into helping the people our members serve. That means that more homeless people are sheltered, that more youngsters are off the streets through youth programs, that more individuals and families are able to get counseling — the missions of our members are so many and so varied that this list could go on for pages.

These are results that are indeed worth celebrating.

Board of Trustees

Meet the governing body that defines the Trust's strategy, monitors its performance, and oversees its operations.

A volunteer Board of Trustees convenes quarterly to review unemployment claims, financial performance, and member services activity. The Trust's auditors, investment advisors, and legal counsel all report directly to the Board of Trustees. Our distinguished board includes prominent members from more than a dozen well-respected nonprofit organizations.

The trustees are the policy makers who set the direction of the 501(c) Agencies Trust. The board oversees the Trust's operations under a governance structure that emphasizes broad-based, rotating representation of members. This approach, modeled on the structure of the Trust's nonprofit members, is supported by a policy that limits trustee terms.



Bill Tsoukalas, Chair
Executive Director
Boys & Girls Club of
Snohomish County



Jack Holmes, Vice Chair
President & CEO
United Way of Central
New Mexico



Kirk Springsted
Secretary/Treasurer
VP, Administration
Connecticut Community
Providers Association



Araceli Gaytan
Finance Officer
Virginia Garcia
Memorial Health Center



Bill Underwood
Retired Chief
Professional Officer
United Way
of Sacramento



Carol Frye
Chief Operating Officer
United Way of the
Columbia Willamette



Debby Graham
Executive Director
Centerforce



Dennis Morrow
Executive Director
Janus Youth Programs



Glenn Permuy
Senior Vice President
for Services to Clubs
Boys & Girls Clubs
of America



Gwendolyn Lee
Executive Director
The Arc of Anchorage



Irv Katz
President & CEO
National Human
Services Assembly



JoAnn Lumsden
Vice President of
Finance, CFO
Aloha United Way



Kathleen DiChiara
President and CEO
Community FoodBank
of New Jersey



Marilyn Ditty
CEO
South County
Senior Services



Peggy Sanchez Mills
Representative
YWCA



Peter Grignon
VP of Finance
United Way of
Pierce County



Russ Hayward
Executive Director
YMCA of San
Joaquin County



Shawn Mosey
Finance Director
(CFO) YMCA of the
Inland Northwest



Virginia Clark
Human Resource Manager
Boys & Girls Clubs of
South Puget Sound



Program Benefits

Claims Management

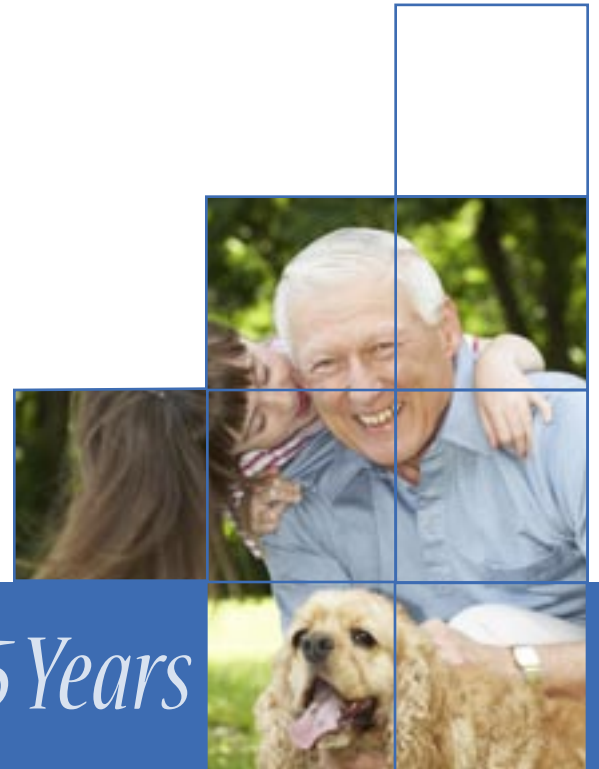
Reducing claims is the key to saving money. Claims are managed by TALX UC eXpress, the leader in unemployment claims management. The Trust works with a dedicated claims team that is focused exclusively on Trust members and overseen by an expert with 30 years' experience managing unemployment claims.

Human Resource (HR) Services

The HR Services program offers Trust members special human resources tools and information designed specifically to help nonprofit employers. Our Human Resource professionals provide a sounding board for making important personnel decisions that could directly affect your claims costs.

Educational / Information

Keeps members informed about claims procedures and the various services offered members. Members are contacted through personal phone calls, e-mailed tips, newsletters, informational seminars and webinars, and a web site.



Building Value for the Next 25 Years

Reserve Account

The Trust provides your organization with a reserve account that enables you to ride out claims fluctuations. (A reserve account that is owned solely by you, not the Trust or the state.)

Stop loss Insurance

Stop loss insurance repays your reserve account if your unemployment claims exceed your deductible. Our highly effective claims management enables us to provide members with the lowest stop loss insurance deductibles available.

L&I Retro Program

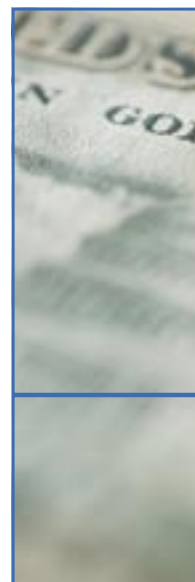
Members from Washington state who demonstrate a good safety record may be eligible to participate in this program established through the Department of Labor and Industries.





501(c)
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Trust Administrator
501(c) Services

Claims Manager
TALX UC eXpress

L&I Manager
Integrated Claims Management

Bank
Comerica Bank

Investment Management Consultant
Wurts & Associates

Insurance Carrier
Ohio Indemnity Company

Independent Auditor
Vavrinek, Trine, Day & Company

Legal Counsel
Birmingham, Thorson & Barnett