



**UUSC**

Financial Statements  
for the year ended June 30, 2009



Unitarian Universalist Service Committee  
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**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Financial Statements*

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*Financial Statements:*

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UNITARIAN UNIVERSALIST SERVICE COMMITTEE

*Statement of Financial Position*

	<i>June 30,</i>	
	<i>2009</i>	<i>2008</i>
<b>Assets</b>		
Cash and cash equivalents:		
Cash	\$ 410,527	\$ 423,310
Money market fund	464,140	91,497
	<hr/>	<hr/>
<b>Total cash and cash equivalents</b>	<b>874,667</b>	<b>514,807</b>
Investments	10,252,041	13,750,220
Note receivable-program partner	-	91,442
Accounts and interest receivable	62,682	187,232
Pledges receivable, net	805,297	799,326
Prepaid expenses and other assets	97,147	113,435
Cash - escrow	196,423	575,717
Property and equipment, net	6,028,069	5,981,680
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 18,316,326</b>	<b>\$ 22,013,859</b>
	<hr/>	<hr/>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 203,961	\$ 255,716
Accrued compensation	204,283	203,279
Pooled income deferred revenue	207,561	271,318
Unearned revenue	14,142	11,880
Bond payable	3,341,566	3,416,228
Donor advance - promissory notes	375,000	-
Planned giving obligations:		
Gift annuities	1,239,613	1,370,850
Trust agreements	82,289	116,848
Pooled income	7,292	7,037
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>5,675,707</b>	<b>5,653,156</b>
	<hr/>	<hr/>
Net assets:		
Unrestricted	8,084,182	11,795,816
Temporarily restricted	1,371,007	1,687,061
Permanently restricted	3,185,430	2,877,826
	<hr/>	<hr/>
<b>Total net assets</b>	<b>12,640,619</b>	<b>16,360,703</b>
	<hr/>	<hr/>
<b>Total liabilities and net assets</b>	<b>\$ 18,316,326</b>	<b>\$ 22,013,859</b>
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*See Independent Auditors' Report and the accompanying notes.*



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Statement of Activities*

	<i>Years Ended June 30,</i>				
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2009 Total</i>	<i>2008 Total</i>
<b>Operating support and revenue</b>					
Public support:					
Contribution	\$ 2,933,039	\$ 36,878	\$ 2,000	\$ 2,971,917	\$ 4,144,198
Matching grant	-	700,000	-	700,000	700,000
Foundations	18,700	100,826	-	119,526	306,818
Bequests appropriated	1,288,814	-	-	1,288,814	550,000
	<b>4,240,553</b>	<b>837,704</b>	<b>2,000</b>	<b>5,080,257</b>	<b>5,701,016</b>
Revenue:					
Sales of merchandise, net	37,558	-	-	37,558	30,075
Other fees	283,961	-	-	283,961	507,649
Investment income appropriated	650,000	-	-	650,000	585,000
	<b>971,519</b>	<b>-</b>	<b>-</b>	<b>971,519</b>	<b>1,122,724</b>
<b>Total operating support and revenue</b>	<b>5,212,072</b>	<b>837,704</b>	<b>2,000</b>	<b>6,051,776</b>	<b>6,823,740</b>
<b>Net assets released from restrictions</b>					
Satisfaction of program restrictions	325,375	(325,375)	-	-	-
Passage of time	751,507	(751,507)	-	-	-
Transfer upon demise of donors	69,148	(39,000)	(30,148)	-	-
	<b>1,146,030</b>	<b>(1,115,882)</b>	<b>(30,148)</b>	<b>-</b>	<b>-</b>
<b>Total operating support and revenue and net assets released from restrictions</b>	<b>6,358,102</b>	<b>(278,178)</b>	<b>(28,148)</b>	<b>6,051,776</b>	<b>6,823,740</b>
<b>Expenses</b>					
Program services	4,984,878	-	-	4,984,878	6,002,880
Fundraising	896,515	-	-	896,515	938,291
Management	371,761	-	-	371,761	422,410
<b>Total expenses</b>	<b>6,253,154</b>	<b>-</b>	<b>-</b>	<b>6,253,154</b>	<b>7,363,581</b>
<b>Income (loss) from operations</b>	<b>104,948</b>	<b>(278,178)</b>	<b>(28,148)</b>	<b>(201,378)</b>	<b>(539,841)</b>
<b>Non-operating activity</b>					
Bequests in excess of (less than) amount appropriated	(430,653)	-	325,000	(105,653)	(33,551)
Capital campaign, net	(93,730)	(95,319)	-	(189,049)	10,206
Investment income in excess of amount appropriated and investment fees	(3,041,601)	-	-	(3,041,601)	(1,080,890)
Unrealized Loss - Investment Other	(220,000)	-	-	(220,000)	-
Change in value of split-interest gifts	(30,598)	57,443	10,752	37,597	(234,020)
<b>Total net non-operating activity</b>	<b>(3,816,582)</b>	<b>(37,876)</b>	<b>335,752</b>	<b>(3,518,706)</b>	<b>(1,338,255)</b>
<b>Change in net assets</b>	<b>(3,711,634)</b>	<b>(316,054)</b>	<b>307,604</b>	<b>(3,720,084)</b>	<b>(1,878,096)</b>
Net assets, beginning of year	11,795,816	1,687,061	2,877,826	16,360,703	18,238,799
<b>Net assets, end of year</b>	<b>\$ 8,084,182</b>	<b>\$ 1,371,007</b>	<b>\$ 3,185,430</b>	<b>\$ 12,640,619</b>	<b>\$ 16,360,703</b>

See Independent Auditors' Report and the accompanying notes.



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Statement of Activities*

*Year Ended June 30, 2008*

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
<b>Operating support and revenue</b>				
Public support:				
Contribution	\$ 3,960,096	\$ 180,852	\$ 3,250	\$ 4,144,198
Matching grant	-	700,000	-	700,000
Foundations	159,066	147,752	-	306,818
Bequests appropriated	550,000	-	-	550,000
	<b>4,669,162</b>	<b>1,028,604</b>	<b>3,250</b>	<b>5,701,016</b>
Revenue:				
Sales of merchandise, net	30,075	-	-	30,075
Other fees	400,856	106,793	-	507,649
Investment income appropriated	585,000	-	-	585,000
	<b>1,015,931</b>	<b>106,793</b>	<b>-</b>	<b>1,122,724</b>
<b>Total operating support and revenue</b>	<b>5,685,093</b>	<b>1,135,397</b>	<b>3,250</b>	<b>6,823,740</b>
<b>Net assets released from restrictions</b>				
Satisfaction of program restrictions	450,779	(450,779)	-	-
Passage of time	748,570	(748,570)	-	-
Transfer upon demise of donors	16,259	(27,584)	11,325	-
	<b>1,215,608</b>	<b>(1,226,933)</b>	<b>11,325</b>	<b>-</b>
<b>Total operating support and revenue and net assets released from restrictions</b>	<b>6,900,701</b>	<b>(91,536)</b>	<b>14,575</b>	<b>6,823,740</b>
<b>Expenses</b>				
Program services	6,002,880	-	-	6,002,880
Fundraising	938,291	-	-	938,291
Management	422,410	-	-	422,410
	<b>7,363,581</b>	<b>-</b>	<b>-</b>	<b>7,363,581</b>
<b>Income (loss) from operations</b>	<b>(462,880)</b>	<b>(91,536)</b>	<b>14,575</b>	<b>(539,841)</b>
<b>Non-operating activity</b>				
Bequests in excess of (less than) amount appropriated	(33,551)	-	-	(33,551)
Capital campaign, net	(85,113)	95,319	-	10,206
Investment income in excess of amount appropriated and investment fees	(1,080,890)	-	-	(1,080,890)
Change in value of split-interest gifts	(207,835)	(21,863)	(4,322)	(234,020)
	<b>(1,407,389)</b>	<b>73,456</b>	<b>(4,322)</b>	<b>(1,338,255)</b>
<b>Change in net assets</b>	<b>(1,870,269)</b>	<b>(18,080)</b>	<b>10,253</b>	<b>(1,878,096)</b>
Net assets, beginning of year	13,666,085	1,705,141	2,867,573	18,238,799
<b>Net assets, end of year</b>	<b>\$ 11,795,816</b>	<b>\$ 1,687,061</b>	<b>\$ 2,877,826</b>	<b>\$ 16,360,703</b>

*See Independent Auditors' Report and the accompanying notes.*



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Statement of Functional Expenses*

	<i>Program Services</i>				<i>Supporting Services</i>			<i>Years Ended June 30,</i>	
	<i>Environmental Justice</i>	<i>Economic Justice</i>	<i>Civil Liberties</i>	<i>Rights in Humanitarian Crisis</i>	<i>Total</i>	<i>Fundraising</i>	<i>Management</i>	<i>2009 Total</i>	<i>2008 Total</i>
Salaries and fringe	\$ 970,574	\$ 890,819	\$ 878,369	\$ -	\$ 2,739,762	\$ 672,872	\$ 199,772	\$ 3,612,406	\$ 3,739,704
Program grants	246,951	197,278	206,543	41,400	692,172	-	-	692,172	807,802
Designated/Emergency relief grants	-	-	-	313,048	313,048	-	-	313,048	506,401
Professional fees	54,963	35,757	48,508	4,491	143,719	138,775	34,866	317,360	513,247
Printing and publication	53,340	46,737	46,617	-	146,694	47,936	-	194,630	241,579
Travel	69,471	60,931	60,702	29,077	220,181	31,705	5,021	256,907	478,852
Depreciation and amortization	66,846	58,012	58,420	-	183,278	34,674	29,721	247,673	212,502
Postage and delivery	31,520	27,107	27,192	-	85,819	32,435	1,427	119,681	112,234
Occupancy	33,533	29,102	29,306	-	91,941	21,889	28,119	141,949	176,540
Supplies	8,768	4,301	4,725	3	17,797	2,933	3,321	24,051	42,642
Cost of sales	-	-	-	-	-	34,833	-	34,833	40,207
Communication	12,290	11,884	10,637	155	34,966	10,354	11,394	56,714	65,071
Technology	2,086	1,811	1,824	-	5,721	1,801	3,072	10,594	14,515
Staff development	677	588	592	-	1,857	651	286	2,794	31,826
Rent	12,888	11,732	11,216	225	36,061	9,528	7,957	53,546	106,508
Memberships and subscription	19,154	16,623	16,887	93	52,757	11,290	55	64,102	44,738
Insurance	10,325	8,961	9,024	-	28,310	5,356	4,591	38,257	37,131
Investment fees	-	-	-	-	-	66,660	-	66,660	80,468
Interest - mortgage	46,837	40,648	40,934	-	128,419	24,295	20,824	173,538	177,732
Lock box and bank fees	2,322	2,015	2,029	-	6,366	49,925	1,978	58,269	59,920
Awards	51	45	43	-	139	-	-	139	1,907
Miscellaneous	33,611	10,688	11,567	5	55,871	11,297	19,357	86,525	77,843
	<u>1,676,207</u>	<u>1,455,039</u>	<u>1,465,135</u>	<u>388,497</u>	<u>4,984,878</u>	<u>1,209,209</u>	<u>371,761</u>	<u>6,565,848</u>	<u>7,569,369</u>
Less:									
Cost of sales	-	-	-	-	-	(34,833)	-	(34,833)	(40,207)
Capital campaign expenses	-	-	-	-	-	(211,201)	-	(211,201)	(85,113)
Investment fees	-	-	-	-	-	(66,660)	-	(66,660)	(80,468)
	<u>\$ 1,676,207</u>	<u>\$ 1,455,039</u>	<u>\$ 1,465,135</u>	<u>\$ 388,497</u>	<u>\$ 4,984,878</u>	<u>\$ 896,515</u>	<u>\$ 371,761</u>	<u>\$ 6,253,154</u>	<u>\$ 7,363,581</u>

See Independent Auditors' Report and the accompanying notes.

Unitarian Universalist Service Committee Financial Statements and Auditors' Report  
at and for the years ended June 30, 2009 and 2008



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Statement of Functional Expenses*

*Year Ended June 30, 2008*

	<i>Program Services</i>				<i>Supporting Services</i>		<i>2008</i>	
	<i>Environmental Justice</i>	<i>Economic Justice</i>	<i>Civil Liberties</i>	<i>Rights in Humanitarian Crisis</i>	<i>Total</i>	<i>Fundraising</i>	<i>Management</i>	<i>Total</i>
Salaries and fringe	\$ 994,810	\$ 1,141,412	\$ 778,948	\$ 147,243	\$ 3,062,413	\$ 558,432	\$ 118,859	\$ 3,739,704
Program grants	250,009	291,783	193,010	73,000	807,802	-	-	807,802
Designated/Emergency relief grants	-	-	-	506,401	506,401	-	-	506,401
Professional fees	83,245	99,913	86,556	19,441	289,155	55,858	168,234	513,247
Printing and publication	48,940	58,312	38,773	-	146,025	93,919	1,635	241,579
Travel	135,385	156,724	98,352	36,419	426,880	25,394	26,578	478,852
Depreciation and amortization	53,418	61,702	42,132	-	157,252	29,750	25,500	212,502
Postage and delivery	34,867	39,943	26,974	408	102,192	7,671	2,371	112,234
Occupancy	39,450	45,568	31,115	-	116,133	27,505	32,902	176,540
Supplies	9,035	10,098	6,203	5,351	30,687	5,043	6,912	42,642
Cost of sales	-	-	-	-	-	40,207	-	40,207
Communication	13,309	16,504	10,120	1,397	41,330	9,964	13,777	65,071
Technology	1,141	1,318	900	-	3,359	554	10,602	14,515
Staff development	6,204	7,536	4,696	250	18,686	5,544	7,596	31,826
Rent	24,832	29,286	20,250	3,676	78,044	13,236	15,228	106,508
Memberships and subscription	11,141	11,778	8,412	720	32,051	8,730	3,957	44,738
Insurance	9,334	10,781	7,362	-	27,477	5,198	4,456	37,131
Investment fees	-	-	-	-	-	-	80,468	80,468
Interest - mortgage	31,395	36,264	24,762	-	92,421	31,992	53,319	177,732
Lock box and bank fees	1,673	1,414	893	216	4,196	52,998	2,726	59,920
Awards	648	748	511	-	1,907	-	-	1,907
Miscellaneous	11,420	12,157	8,389	26,503	58,469	6,503	12,871	77,843
	1,760,256	2,033,241	1,388,358	821,025	6,002,880	978,498	587,991	7,569,369
Less:								
Cost of sales	-	-	-	-	-	(40,207)	-	(40,207)
Capital campaign expenses	-	-	-	-	-	-	(85,113)	(85,113)
Investment fees	-	-	-	-	-	-	(80,468)	(80,468)
	\$ 1,760,256	\$ 2,033,241	\$ 1,388,358	\$ 821,025	\$ 6,002,880	\$ 938,291	\$ 422,410	\$ 7,363,581

*See Independent Auditors' Report and the accompanying notes.*



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Statement of Cash Flows*

	<i>Years Ended June 30,</i>	
	<i>2009</i>	<i>2008</i>
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ (3,720,084)	\$ (1,878,096)
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Gifts of investments	(108,148)	(255,984)
Depreciation and amortization	247,673	212,502
Realized and unrealized losses on investments	2,743,636	630,123
Net contributions to endowments	(307,604)	(10,253)
Change in bond premium	(74,660)	(70,468)
Changes in:		
Accounts and interest receivable	124,550	(23,613)
Pledges receivable, net	(5,971)	18,762
Prepaid expenses and other assets	16,288	5,489
Accounts payable and accrued expenses	(51,755)	39,479
Accrued compensation	1,004	52,610
Pooled income deferred revenue	(63,757)	(15,965)
Unearned revenue	2,262	(1,529)
Gift annuities obligations	(131,237)	261,950
Trust agreement obligations	(34,559)	(5,397)
Pooled income	255	(616)
Total adjustments	<u>2,357,977</u>	<u>837,090</u>
<b>Net cash used in operating activities</b>	<b><u>(1,362,107)</u></b>	<b><u>(1,041,006)</u></b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(294,062)	(1,168,072)
Use of cash-escrow	379,294	1,075,026
Decrease in note receivable - program partner	91,442	31,316
Purchase of investments	(844,524)	(1,798,601)
Proceeds from the sale of investments	<u>1,781,875</u>	<u>2,831,628</u>
<b>Net cash provided by investing activities</b>	<b><u>1,114,025</u></b>	<b><u>971,297</u></b>
<b>Cash flows from financing activities:</b>		
Net contributions to endowments	307,604	10,253
Proceeds from donor advance - promissory notes	375,000	-
Repayment of bond payable	<u>(74,662)</u>	<u>(70,468)</u>
<b>Net cash provided by (used in) financing activities</b>	<b><u>607,942</u></b>	<b><u>(60,215)</u></b>
Net increase (decrease) in cash and cash equivalents	359,860	(129,924)
Cash and cash equivalents, beginning of year	<u>514,807</u>	<u>644,731</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 874,667</u></b>	<b><u>\$ 514,807</u></b>
<b>Supplemental disclosure:</b>		
Cash paid for interest	<b><u>\$ 173,538</u></b>	<b><u>\$ 177,731</u></b>

See Independent Auditors' Report and the accompanying notes.





## UNITARIAN UNIVERSALIST SERVICE COMMITTEE

### *Notes to Financial Statements*

#### *Note 1 - Nature of Operations and Summary of Significant Accounting Policies*

The Unitarian Universalist Service Committee (UUSC) is a voluntary not-for-profit organization headquartered in the United States. UUSC has programs throughout the world and is supported primarily through donor contributions, grants, foundations and bequests. The purpose of UUSC is to seek a more just and humane society.

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

#### *Basis of Accounting*

These statements have been prepared on the accrual basis. In their preparation, UUSC follows accounting principles and reporting requirements that are generally accepted for not-for-profit entities in the United States of America, including specialized requirements promulgated in publications of the Financial Accounting Standards Board and the American Institute of Certified Public Accountants.

#### *Classification of Net Assets*

Resources are classified for accounting and reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions as follows:

*Unrestricted net assets* - Net assets that are not subject to donor imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor imposed stipulations that may or will be met by actions of UUSC and/or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor imposed stipulations that they be maintained permanently. Generally, the income earned on these investments is available for program operations unless restricted by the donor.

#### *Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### *Income Tax Status*

UUSC is exempt from tax and, accordingly, is not subject to income tax in accordance with §501(c)(3) and has been classified as a publicly-supported organization as defined in §509(a)(2) of the Internal Revenue Code.



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Notes to Financial Statements*

*Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)*

***Cash and Cash Equivalents***

UUSC classifies all instruments with original maturities of three months or less that will be used in operations as cash equivalents. Cash and cash equivalents held by investment managers are considered part of investments.

***Investments***

Investments are reported at fair market value. Fair market value is determined using quoted market prices for publically traded securities. Land held for sale is recorded at estimated fair value as determined by management. Program-related investments are proposed by program staff, reviewed by the Investment Committee, and approved by the Board of Trustees. (See Note 4)

***Cash - Escrow***

Cash-escrow represents amounts held in connection with UUSC's debt arrangements. Such amounts are held in short term investments and are presented at fair value.

***Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. UUSC capitalizes property and equipment with a cost greater than \$2,000 and a useful life of more than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets which range from five to forty years.

***Contributions***

Unconditional contributions, including those of property and promises to give, are recognized as revenue in the period received or promised. They are recorded at their fair values as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributed services meeting the criteria for recognition are recorded as contributions and as expenses based on the value of the services provided. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted contributions.

***Conditional Promises to Give***

UUSC has been advised that it has been included in the wills of several recently-deceased donors. Such intended bequests are not recorded until the wills have been validated by the applicable probate court. UUSC will record such bequests as revenue when such conditions, and any others, if any, established in such wills, have been completely met and the proceeds are reasonably measurable.



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Notes to Financial Statements*

*Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)*

***Functional Reporting***

UUSC allocates its expenses to its various programs and support services. Expenses that can be identified with a specific program and support service are recorded directly. Expenses common to several functions are allocated by using various rational and systematic methods.

***Advertising Expense***

UUSC expenses all advertising costs as they are incurred. They are included in printing and publication expenses.

***Fair Value***

UUSC measures the fair market values of its financial instruments in accordance with Statement of Financial Accounting Standards No. 157, Fair Value Measurements (“SFAS 157”), which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs to determine the exit price. Also in accordance with SFAS 157, UUSC categorizes its financial instruments, based on the priority of inputs to the valuation technique, into a three-level hierarchy, as discussed below.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. The type of instruments included in Level 1 include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Instruments which are generally included in this category include less liquid and restricted equity securities and over-the-counter derivatives including corporate bonds and loans and public company equity securities with legal restrictions.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include investments in privately held portfolio companies, promissory notes to privately held companies and interests in other investment partnerships.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For more information on the fair value of UUSC’s financial instruments, see Note 3 – Fair Value Measurements.



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Notes to Financial Statements*

*Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)*

*Subsequent Events*

UUSC has evaluated subsequent events through September 1, 2009, the date the Board of Trustees approved and authorized the financial statements to be issued.

*Note 2 - Investments*

Investments were composed of the following at June 30:

	<i>2009</i>	<i>2008</i>
Cash and cash equivalents	\$ 2,080,886	\$ 1,445,487
Government issued securities and mutual funds of government securities	1,533,037	1,825,963
Common stocks	3,963,512	7,206,308
Mutual funds	1,674,606	2,052,462
Land held for sale	<u>1,000,000</u>	<u>1,220,000</u>
<b>Total investments</b>	<b><u>\$ 10,252,041</u></b>	<b><u>\$ 13,750,220</u></b>

Certain of these investments specifically support UUSC's planned giving obligations as noted per the agreement and are, therefore, not available to support operations. These assets amounted to \$1,364,022 and \$1,513,504 at June 30, 2009 and 2008, respectively.

During 2006 UUSC received a gift of land which is being held for eventual resale. In 2009 the reduced value was based on land market values in the same county.

Investment return was recorded as follows in the statements of activities:

	<i>2009</i>	<i>2008</i>
Investment income and gains appropriated	\$ 650,000	\$ 585,000
Investment income and gains, net of amounts appropriated	(2,974,941)	(1,000,422)
Investment fees	<u>(66,660)</u>	<u>(80,468)</u>
<b>Total investment return</b>	<b><u>\$ (2,391,601)</u></b>	<b><u>\$ (495,890)</u></b>

*See Independent Auditors' Report.*



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Notes to Financial Statements*

*Note 2 - Investments (Continued)*

Investment return was composed of:

	<i>2009</i>	<i>2008</i>
Interest and dividend income	\$ 198,695	\$ 214,701
Realized and unrealized losses on investments	(2,523,636)	(630,123)
Investment fees	<u>(66,660)</u>	<u>(80,468)</u>
<b>Total investment loss</b>	<b><u><u>\$ (2,391,601)</u></u></b>	<b><u><u>\$ (495,890)</u></u></b>

*Note 3 - Fair Value Measurements*

UUSC adopted SFAS 157 as of July 1, 2008, which among other matters, requires enhanced disclosures about instruments that are measured and reported at fair value. SFAS 157 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price used in measuring instruments at fair value. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available quoted prices or for which fair value can be measured for actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. The implementation of SFAS 157 had no impact on reported amounts.

The valuation of UUSC's instruments using the fair value hierarchy consisted of the following at June 30, 2009:

	<i>Quoted prices in active markets Level 1</i>	<i>Significant observable inputs Level 2</i>	<i>Significant unobservable inputs Level 3</i>	<i>Total</i>
Investments	\$ 9,252,041	\$ -	\$ 1,000,000	\$ 10,252,041
Cash-escrow	<u>196,423</u>	<u>-</u>	<u>-</u>	<u>196,423</u>
	<b><u><u>\$ 9,448,464</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ 1,000,000</u></u></b>	<b><u><u>\$ 10,448,464</u></u></b>

*See Independent Auditors' Report.*



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Notes to Financial Statements*

**Note 3 - Fair Value Measurements (Continued)**

The changes in instruments measured at fair value for which the UUSC has used Level 3 inputs to determine fair value are as follows:

	<i>Level 3</i>
<b>Balance, July 1, 2008</b>	<b>\$ 1,220,000</b>
Unrealized loss	<u>(220,000)</u>
<b>Balance, June 30, 2009</b>	<b><u>\$ 1,000,000</u></b>

**Note 4 - Note Receivable – Program Partner**

Note receivable – program partner consists of a 6% mortgage requiring monthly interest and principal payments of \$1,776 from a program partner in Guatemala. The mortgage was secured by the partner’s administrative building and was scheduled to mature in July 2014. The note was paid off in 2009.

**Note 5 - Pledges Receivable**

Pledges are reported at their net present value, net of a historically-determined allowance for uncollectible pledges. They were composed of the following at June 30:

	<i>2009</i>	<i>2008</i>
Due within one year	\$ 750,826	\$ 751,507
Due in one to five years	67,500	37,500
Bequests based upon validated wills	<u>500</u>	<u>12,500</u>
	818,826	801,507
Less: Allowance for uncollectible pledges	<u>13,529</u>	<u>2,181</u>
<b>Total pledges receivable</b>	<b><u>\$ 805,297</u></b>	<b><u>\$ 799,326</u></b>

*See Independent Auditors' Report.*



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Notes to Financial Statements*

**Note 6 - Property and Equipment, Net**

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

	<i>2009</i>	<i>2008</i>
Land	\$ 970,001	\$ 970,001
Property and improvements	5,186,153	4,911,174
Office and computer equipment	<u>654,434</u>	<u>635,351</u>
	6,810,588	6,516,526
Less: accumulated depreciation	<u>782,519</u>	<u>534,846</u>
<b>Total property and equipment, net</b>	<b><u>\$ 6,028,069</u></b>	<b><u>\$ 5,981,680</u></b>

**Note 7 - Planned Giving Programs**

***Gift Annuities***

UUSC operates a gift annuity program. Donor participants receive periodic payments for life. The remainder interest from their original contribution to the program benefits UUSC. The contributed assets are recorded at fair value and a liability established for the present value of the expected future payments to the annuity beneficiaries. The difference is recorded as a contribution. These liabilities were established using a discount rate of 5.00% in 2009 and 5.20% in 2008.

***Trust Agreements***

UUSC receives contributions of assets, agreeing to maintain the contributed asset during the life of the donor and make payments to named beneficiaries. The contributed assets are recorded at fair value and a liability established for the present value of the expected future payments to the beneficiaries. The difference is recorded as a contribution. These liabilities were established using a discount rate of 5.00% in 2009 and 5.20% in 2008.

***Pooled Income Fund***

UUSC operates a pooled income fund which receives contributions from donors who then retain a life interest in the income from the Fund. The contributions are pooled and invested as a group. Temporarily restricted contributions are recorded at fair value of the assets received discounted for the estimated time period until the donor's or other beneficiary's expected demise. The difference is recorded as deferred revenue, to be recognized upon the demise of the donor or beneficiary. These liabilities were established using a discount rate of 5.00% in 2009 and 5.20% in 2008.

*See Independent Auditors' Report.*



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Notes to Financial Statements*

**Note 8 - Bond Payable**

UUSC has a tax exempt bond outstanding which was used to finance the purchase of its primary operating facility. The bond is secured by the related building and bears interest at a fixed rate of 5.06%. The principal and interest on the loan is payable in 120 monthly payments. Annual payments of principle and interest are approximately \$250,000 per year. UUSC is required to maintain certain financial covenants.

The annual principal payments for the next five years and thereafter as of June 30, 2009 are as follows:

2010	\$	78,617
2011		82,746
2012		87,093
2013		91,667
2014		96,482
Thereafter		<u>2,904,961</u>
	<b>\$</b>	<b><u><u>3,341,566</u></u></b>

**Note 9 - Donor Advance – Promissory Notes**

In 2009 two significant donors advanced funds to UUSC in return for non interest bearing demand promissory notes. UUSC invested the proceeds from these notes in certificates of deposit, the interest of which can be used to support operations. It is the donor's intention to forgive the note upon their death. These amounts have not been accounted for as contributions and have not been present valued due to the demand feature of the notes.

**Note 10 - Net Assets and Endowment Matters**

Net assets were composed of the following at June 30:

**Unrestricted:**

	<i>2009</i>	<i>2008</i>
Operating	\$ 5,201,256	\$ 8,654,647
Plant	<u>2,882,926</u>	<u>3,141,169</u>
<b>Total unrestricted net assets</b>	<b><u><u>\$ 8,084,182</u></u></b>	<b><u><u>\$ 11,795,816</u></u></b>

See Independent Auditors' Report.





UNITARIAN UNIVERSALIST SERVICE COMMITTEE  
*Notes to Financial Statements*

*Note 10 - Net Assets and Endowment Matters (Continued)*

*Temporarily Restricted:*

	<i>2009</i>	<i>2008</i>
Eleanor Clark French Library	\$ 100,000	\$ 100,000
Programs	109,702	144,021
Designated relief	65,834	275,012
Capital Campaign	-	95,319
Time	750,955	751,637
Charitable trusts	113,613	115,533
Pooled income fund	<u>230,903</u>	<u>205,539</u>
<b>Total temporarily restricted net assets</b>	<b><u>\$ 1,371,007</u></b>	<b><u>\$ 1,687,061</u></b>

*Permanently Restricted:*

	<i>2009</i>	<i>2008</i>
Charitable trusts	\$ 9,942	\$ 9,942
Capital campaign	250,000	250,000
Pooled income	106,535	112,951
Endowment fund	<u>2,818,953</u>	<u>2,504,933</u>
<b>Total permanently restricted net assets</b>	<b><u>\$ 3,185,430</u></b>	<b><u>\$ 2,877,826</u></b>

*See Independent Auditors' Report.*



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Notes to Financial Statements*

*Note 10 - Net Assets and Endowment Matters (Continued)*

*New Accounting Pronouncement*

The Financial Accounting Standards Board (FASB) has issued FASB staff position 117-1 (FSP 117-1) effective for fiscal years ending after December 15, 2008. UUSC adopted FSP 117-1 as of the July 1, 2008. FSP 117-1 requires enhanced disclosures in the financial statements. The following represents required disclosure relative to the composition of investments at June 30, 2009:

	<i>Temporarily Restricted Net Assets</i>	<i>Permanently Restricted Net Assets</i>	<i>Total</i>
Investments at beginning of year	\$ <u>-</u>	\$ <u>3,223,770</u>	\$ <u>3,223,770</u>
Reclassification based on change in law	<u>345,944</u>	<u>(345,944)</u>	<u>-</u>
Gifts and additions		<u>327,000</u>	<u>327,000</u>
Investment returns:			
Interest and dividends	69,491	-	69,491
Realized and unrealized losses, net of investment fees of \$66,660	<u>(1,089,492)</u>	<u>-</u>	<u>(1,089,492)</u>
Total investment returns	<u>(1,020,001)</u>	<u>-</u>	<u>(1,020,001)</u>
Expenditures:			
Amounts appropriated for operations	(269,861)	-	(269,861)
Expenditures for other purposes	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>(269,861)</u>	<u>-</u>	<u>(269,861)</u>
Change in investments	<u>(1,289,862)</u>	<u>327,000</u>	<u>(962,862)</u>
Other changes:			
Transfer related to funds with deficiencies	955,031	-	955,031
Change in value and transfer upon demise	<u>(11,113)</u>	<u>(19,396)</u>	<u>(30,509)</u>
Total other changes	<u>943,918</u>	<u>(19,396)</u>	<u>924,522</u>
<b>Investments at end of year</b>	<b>\$ <u>-</u></b>	<b>\$ <u>3,185,430</u></b>	<b>\$ <u>3,185,430</u></b>

*See Independent Auditors' Report.*



## UNITARIAN UNIVERSALIST SERVICE COMMITTEE

### *Notes to Financial Statements*

#### *Note 10 - Net Assets and Endowment Matters (Continued)*

##### ***Endowment***

UUSC's endowment consists of approximately 32 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

##### ***Interpretation of Relevant Law and Spending Policy***

The Board of Trustees of UUSC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) signed into law in the Commonwealth of Massachusetts, effective for fiscal year ended June 30, 2009 and thereafter, requiring the preservation of the original value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UUSC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original gift value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UUSC in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UUSC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of UUSC and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of UUSC
- (7) The investment policies of UUSC

##### ***Spending Rates and the Measure of Operations***

The Board of Trustees, recognizing that certain of its sources of revenue are very stable in the long term but can fluctuate significantly from year to year, have adopted authorized spending rates for these sources. Investment income appropriated for the year is calculated at the beginning of the year as 5.75% of total average non planned giving investments for the previous twelve calendar quarters. Bequests appropriated for the year are calculated at the beginning of the year as 75% of the last three years' total average bequests. In addition to the bequests appropriated based on the spending rate, the Board of Trustees approved an additional draw down during the year of \$780,000 to help meet operating cash needs. In its statement of activities, UUSC includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income earned and bequests received in excess of (or less than) UUSC's authorized spending rates are recognized as non-operating activity as are changes in the value of split-interest agreements.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE  
*Notes to Financial Statements*

*Note 10 - Net Assets and Endowment Matters (Continued)*

*Funds with Deficiencies*

Due to a sharp decline in the equity market in 2009, the market value of the endowment assets were below their original gift values. This under-value amounted to approximately \$900,000 as of June 30, 2009. There was no such deficiency as of June 30, 2008 because of a strong market performance.

UUSC believes this deficit does not present any risk because it has enough assets in its investment portfolio to cover the corpus of the endowment fund balance.

*Return Objectives and Risk Parameters*

UUSC's investment portfolio is managed to provide for the long-term support of UUSC. Accordingly, these funds are managed with disciplined longer-term investment objectives and strategies designed to meet cash flow and spending requirements. Management of the assets is designed to attain the maximum total return consistent with acceptable and agreed upon levels of risk.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, UUSC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UUSC targets an asset allocation strategy wherein assets are diversified among several asset classes. The pursuit of maximizing total return is tempered by the need to minimize the volatility of returns and preserve capital. As such, UUSC seeks broad diversification among assets having different characteristics with the intent to endure lower relative performance in strong markets in exchange for greater downside protection in weak markets.

*Note 11 - Allocation of Joint Costs*

UUSC conducted activities that included appeals for contributions and that incurred joint costs.

These costs were included in the statements of activities as follows at June 30:

	<i>2009</i>	<i>2008</i>
Program services	\$ 57,522	\$ 2,803
Fundraising	<u>73,209</u>	<u>101,590</u>
<b>Total allocation of joint costs</b>	<b><u>\$ 130,731</u></b>	<b><u>\$ 104,393</u></b>

*See Independent Auditors' Report.*



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**  
*Notes to Financial Statements*

**Note 11 - Allocation of Joint Costs (Continued)**

These costs were included in the statements of functional expenses as follows:

	<i>2009</i>	<i>2008</i>
Printing and publications	\$ 74,743	\$ 18,664
Postage and delivery	<u>55,988</u>	<u>85,729</u>
<b>Total</b>	<b><u>\$ 130,731</u></b>	<b><u>\$ 104,393</u></b>

**Note 12 - Contributed Services**

Contributed professional accounting, computer technology, and legal services in the amounts of \$36,065 and \$112,324 for the years ended June 30, 2009 and 2008, respectively, were recorded as unrestricted contributions and as expense. Extensive other services have been provided by volunteers that UUSC does not record in this manner as they do not meet the requirements established under generally accepted accounting principles.

**Note 13 - Concentrations of Credit and other Similar Risks**

Pledges receivable includes \$700,000 for both June 30, 2009 and 2008 from the Unitarian Universalist Congregation at Shelter Rock in Manhasset, New York. The pledge from 2008 was collected and based on experience UUSC expects that the balance at June 30, 2009 will also be collected in full.

Cash and cash equivalents are maintained in accounts, which from time to time may exceed federally insured limits. UUSC has not experienced any losses in such accounts.

UUSC's workforce is composed primarily of members of UNITE Here! with whom there is a collective bargaining agreement. In June 2009, that agreement was extended for one year until June 2010.

**Note 14 - Retirement Plan**

UUSC maintains a qualified defined contribution retirement plan for the benefit of all employees who have completed one year of service working a minimum of twenty hours a week. The present employer contribution rate is 9% of an employee's base salary. In addition, employees may make elective salary reduction contributions of up to 20% of eligible compensation. All contributions to the plan are invested in a group annuity contract. Retirement plan expenses were \$216,840 and \$232,563 for the years ended June 30, 2009 and 2008, respectively.

*See Independent Auditors' Report.*



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*Independent Auditors' Report*

Board of Trustees  
Unitarian Universalist Service Committee  
Cambridge, Massachusetts

We have audited the accompanying statement of financial position of Unitarian Universalist Service Committee ("UUSC") as of June 30, 2009 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of UUSC's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of UUSC as of June 30, 2008 were audited by other auditors, Tofias P.C., whose shareholders became shareholders of Mayer Hoffman McCann P.C. as of December 31, 2008, and whose report dated September 18, 2008 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 audit provides 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 Unitarian Universalist Service Committee as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Mayer Hoffman McCann P.C.*

September 1, 2009  
Cambridge, Massachusetts