



UUSC

Financial Statements for the Year Ended June 30, 2015



Unitarian Universalist Service Committee

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UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Financial Statements

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UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statements of Financial Position

	<i>June 30,</i>	
	<i>2015</i>	<i>2014</i>
Assets		
Cash and cash equivalents:		
Cash	\$ 949,616	\$ 1,083,982
Money market funds and certificates of deposit	<u>5,223,818</u>	<u>3,757,253</u>
Total cash and cash equivalents	6,173,434	4,841,235
Investments	13,586,497	13,885,068
Accounts and interest receivable	308,465	204,959
Mission related loan receivable	313,711	-
Prepaid expenses and other assets	231,583	214,358
Pledges and grants receivable, net	5,406,831	4,817,081
Debt service reserve fund	119,079	118,926
Property and equipment, net	<u>5,758,185</u>	<u>5,931,926</u>
Total assets	\$ <u>31,897,785</u>	\$ <u>30,013,553</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 473,434	\$ 381,900
Accrued compensation	372,130	256,085
Pooled income deferred revenue	124,997	126,679
Donor advance - promissory notes	125,000	375,000
Bond payable	2,847,838	2,932,639
Planned giving obligations:		
Gift annuities	743,259	829,660
Trust agreements	50,713	56,718
Pooled income funds	<u>2,475</u>	<u>2,483</u>
Total liabilities	<u>4,739,846</u>	<u>4,961,164</u>
Net assets:		
Unrestricted	12,921,654	13,129,794
Temporarily restricted	9,222,291	8,195,077
Permanently restricted	<u>5,013,994</u>	<u>3,727,518</u>
Total net assets	<u>27,157,939</u>	<u>25,052,389</u>
Total liabilities and net assets	\$ <u>31,897,785</u>	\$ <u>30,013,553</u>

See Independent Auditors' Report and the accompanying Notes to Financial Statements.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statements of Activities

*Years Ended June 30,
2015
2014
Total*

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2015 Total</i>	<i>2014 Total</i>
Operating support and revenue					
Public support:					
Contributions	\$ 4,571,546	\$ 1,348,768	\$ 1,200	\$ 5,921,514	\$ 5,515,455
Matching grant	-	850,000	-	850,000	825,000
Foundations	189,723	-	-	189,723	322,142
Bequests appropriated	697,617	-	-	697,617	653,465
	5,458,886	2,198,768	1,200	7,658,854	7,316,062
Revenue:					
Sales of merchandise, net	24,966	-	-	24,966	39,238
Rental income and other	673,134	-	-	673,134	555,647
Investment income and gains appropriated	570,304	-	-	570,304	553,276
	1,268,404	-	-	1,268,404	1,148,161
	6,727,290	2,198,768	1,200	8,927,258	8,464,223
Total operating support and revenue					
Net assets released from restrictions					
Satisfaction of program restrictions	1,873,973	(1,873,973)	-	-	-
Passage of time	825,000	(825,000)	-	-	-
	2,698,973	(2,698,973)	-	-	-
	9,426,263	(500,205)	1,200	8,927,258	8,464,223
Total operating support and revenue and net assets released from restrictions					
Expenses					
Program services	7,220,313	-	-	7,220,313	6,163,284
Office space rental	335,676	-	-	335,676	337,901
Fundraising	673,100	-	-	673,100	753,340
Management	1,081,178	-	-	1,081,178	726,821
	9,310,267	-	-	9,310,267	7,981,346
	115,996	(500,205)	1,200	(383,009)	482,877
Income (loss) from operations					
Non-operating activity					
Bequests in excess of amount appropriated	(46,036)	239,922	537,291	731,177	220,456
Special initiative campaign support	-	1,418,248	747,985	2,166,233	4,175,237
Special initiative campaign expenses	(90,877)	-	-	(90,877)	(63,286)
Investment income and gains (losses) net of amounts appropriated and investment fees	(246,834)	(107,203)	-	(354,037)	1,052,580
Change in value of split-interest gifts and transfer upon demise	59,611	(23,548)	-	36,063	(64,492)
Other non-operating activity	-	-	-	-	6,056
	(324,136)	1,527,419	1,285,276	2,488,559	5,326,551
Total net non-operating activity					
Change in net assets					
Net assets, beginning of year	13,129,794	8,195,077	3,727,518	25,052,389	19,242,961
	12,921,654	9,222,291	5,013,994	27,157,939	25,052,389

See Independent Auditors' Report and the accompanying Notes to Financial Statements.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE
Statement of Activities
 Year Ended June 30, 2014

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Operating support and revenue				
Public support:				
Contributions	\$ 4,603,226	\$ 910,529	\$ 1,700	\$ 5,515,455
Matching grant	-	825,000	-	825,000
Foundations	97,142	225,000	-	322,142
Bequests appropriated	653,465	-	-	653,465
	5,353,833	1,960,529	1,700	7,316,062
Revenue:				
Sales of merchandise, net	39,238	-	-	39,238
Rental income and other	555,647	-	-	555,647
Investment income and gains appropriated	553,276	-	-	553,276
	1,148,161	-	-	1,148,161
	6,501,994	1,960,529	1,700	8,464,223
Net assets released from restrictions				
Satisfaction of program restrictions and donor redesignations	884,690	(984,690)	100,000	-
Passage of time	1,465,614	(1,465,614)	-	-
	2,350,304	(2,450,304)	100,000	-
	8,852,298	(489,775)	101,700	8,464,223
Expenses				
Program services	6,163,284	-	-	6,163,284
Office space rental	337,901	-	-	337,901
Fundraising	753,340	-	-	753,340
Management	726,821	-	-	726,821
	7,981,346	-	-	7,981,346
Income (loss) from operations	870,952	(489,775)	101,700	482,877
Non-operating activity				
Bequests in excess of amount appropriated	217,724	-	2,732	220,456
Special initiative campaign support	47,240	4,127,997	-	4,175,237
Special initiative campaign expenses	(63,286)	-	-	(63,286)
Investment income and gains net of amounts appropriated and investment fees	1,035,633	16,947	-	1,052,580
Change in value of split-interest gifts and transfer upon demise	(51,216)	(13,276)	-	(64,492)
Other non-operating activity	6,056	-	-	6,056
	1,192,151	4,131,668	2,732	5,326,551
Change in net assets	2,063,103	3,641,893	104,432	5,809,428
Net assets, beginning of year	11,066,691	4,553,184	3,623,086	19,242,961
Net assets, end of year	\$ 13,129,794	\$ 8,195,077	\$ 3,727,518	\$ 25,052,389

See Independent Auditors' Report and the accompanying Notes to Financial Statements.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statements of Functional Expenses

	Program Services				Supporting Services			Years Ended June 30,		
	Environmental Justice	Economic Justice	Humanitarian Crisis	College of Social Justice	Office Space Rental	Fundraising		Management	2015	2014
						Total	Total		Total	Total
Salaries and fringe	1,042,817	479,857	1,580,582	371,027	154,047	280,197	704,728	4,613,255	\$	4,066,936
Program grants	334,460	153,903	506,935	16,100	-	-	-	1,011,398	-	749,767
Designated/emergency relief grants	-	-	543,175	-	-	-	-	543,175	-	577,080
Professional fees	141,283	65,012	214,140	88,727	-	287,907	176,219	973,288	-	604,967
Printing and publication	103,951	47,834	157,557	4,573	-	34,267	579	348,761	-	314,802
Travel	135,705	62,445	205,686	190,513	182	6,988	24,736	626,255	-	514,451
Depreciation and amortization	38,778	17,844	58,776	-	98,995	33,337	38,466	286,196	-	261,915
Postage and delivery	52,501	24,159	79,575	479	1,152	10,341	821	169,028	-	173,571
Occupancy	24,461	11,256	37,075	42,863	23,344	18,692	53,682	211,373	-	211,790
Supplies	8,691	3,999	13,173	4,935	1,855	680	1,507	34,840	-	31,822
Cost of sales	21,622	9,949	32,772	-	-	-	-	64,343	-	67,303
Communication	5,799	2,669	8,790	5,397	5,658	3,973	4,365	36,651	-	40,499
Technology	1,455	670	2,206	1,416	-	-	3,076	8,823	-	23,272
Staff development	1,514	697	2,295	21	-	-	18,025	22,552	-	20,429
Rent	8,811	4,055	13,355	-	-	522	1,691	28,434	-	30,327
Memberships and subscription	33,105	15,233	50,177	2,567	53	24,651	26,668	152,454	-	133,377
Insurance	6,101	2,807	9,247	17,280	15,574	5,245	6,052	62,306	-	42,086
Investment fees	-	-	-	-	-	74,858	-	74,858	-	63,863
Interest - mortgage	13,638	6,276	20,671	-	34,816	11,725	13,528	100,654	-	103,546
Lock box and bank fees	22,599	10,399	34,253	419	-	45,452	2,112	115,234	-	116,402
Awards	700	322	1,060	-	-	-	-	2,082	-	2,096
Miscellaneous	14,877	6,845	22,548	5,192	-	-	4,923	54,385	-	25,497
	2,012,868	926,231	3,594,048	751,509	335,676	838,835	1,081,178	9,540,345	-	8,175,798
Less:										
Cost of sales	(21,622)	(9,949)	(32,772)	-	-	-	-	(64,343)	-	(67,303)
Special Initiative Campaign - UUSC Rising	-	-	-	-	-	(90,877)	-	(90,877)	-	(63,286)
Investment fees	-	-	-	-	-	(74,858)	-	(74,858)	-	(63,863)
	<u>\$ 1,991,246</u>	<u>\$ 916,282</u>	<u>\$ 3,561,276</u>	<u>\$ 751,509</u>	<u>\$ 335,676</u>	<u>\$ 673,100</u>	<u>\$ 1,081,178</u>	<u>\$ 9,310,267</u>	<u>\$</u>	<u>\$ 7,981,346</u>

See Independent Auditors' Report and the accompanying Notes to Financial Statements.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

*Statement of Functional Expenses
Year Ended June 30, 2014*

	Program Services					Office Space Rental	Supporting Services		Total	
	Environmental Justice	Economic Justice	Civil Liberities	Rights in Humanitarian Crisis	College of Social Justice		Fundraising	Management		
Salaries and fringe	\$ 546,592	\$ 256,191	\$ 329,468	\$ 1,522,816	\$ 382,954	\$ 135,484	\$ 388,333	\$ 505,098	\$ 4,066,936	
Program grants	162,526	142,850	105,685	288,882	49,824	-	-	-	749,767	
Designated/emergency relief grants	-	-	-	577,080	-	-	-	-	-	577,080
Professional fees	102,037	29,340	32,694	216,912	42,656	-	77,502	103,826	604,967	
Printing and publication	48,218	25,378	27,916	156,780	4,711	70	51,573	156	314,802	
Travel	55,314	27,249	34,438	188,022	158,047	150	49,287	1,944	514,451	
Depreciation and amortization	21,689	11,415	12,557	52,075	3,642	90,584	31,409	38,544	261,915	
Postage and delivery	27,376	14,418	15,847	91,311	388	480	23,569	182	173,571	
Occupancy	16,636	8,756	9,632	58,761	12,551	62,713	18,969	23,772	211,790	
Supplies	3,148	1,228	1,328	9,435	8,674	2,723	3,603	1,683	31,822	
Cost of sales	12,788	6,730	7,403	40,382	-	-	-	-	67,303	
Communication	3,362	1,842	1,955	12,955	8,248	3,824	6,450	1,863	40,499	
Technology	2,280	1,200	1,320	4,800	2,003	-	2,343	9,326	23,272	
Staff development	1,881	990	1,089	5,939	4,135	-	5,231	1,164	20,429	
Rent	3,092	1,628	1,790	9,765	2,354	3,076	7,611	1,011	30,327	
Memberships and subscription	14,607	8,153	9,317	48,580	3,925	26	27,372	21,397	133,377	
Insurance	2,651	1,395	1,535	6,152	10,522	11,071	2,908	5,852	42,086	
Investment fees	-	-	-	-	-	-	63,863	-	63,863	
Interest - mortgage	6,522	3,432	3,776	20,595	25,887	27,237	7,155	8,942	103,546	
Lock box and bank fees	940	188	275	8,964	697	-	103,646	1,692	116,402	
Awards	398	210	231	1,257	-	-	-	-	2,096	
Miscellaneous	1,227	646	710	9,025	3,392	463	9,665	369	25,497	
	1,033,284	543,239	598,966	3,330,488	724,610	337,901	880,489	726,821	8,175,798	
Less:										
Cost of sales	(12,788)	(6,730)	(7,403)	(40,382)	-	-	-	-	(67,303)	
Special Initiative Campaign - UUSC Rising	-	-	-	-	-	-	(63,286)	-	(63,286)	
Investment fees	-	-	-	-	-	-	(63,863)	-	(63,863)	
	\$ 1,020,496	\$ 536,509	\$ 591,563	\$ 3,290,106	\$ 724,610	\$ 337,901	\$ 753,340	\$ 726,821	\$ 7,981,346	

See Independent Auditors' Report and the accompanying Notes to Financial Statements.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statements of Cash Flows

	<i>Years Ended June 30,</i>	
	<i>2015</i>	<i>2014</i>
Cash flows from operating activities:		
Changes in net assets	\$ 2,105,550	\$ 5,809,428
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Interest and dividends, reinvested	(237,081)	(285,014)
Depreciation and amortization	286,196	261,915
Realized and unrealized gains on investments	(41,193)	(1,384,705)
Net contributions to endowments	(1,286,476)	(104,432)
Gain on disposal of property and equipment	-	(4,624)
Changes in:		
Accounts and interest receivable	(103,506)	(66,029)
Mission related loan receivable	(313,711)	-
Prepaid expenses and other assets	(17,225)	(45,908)
Pledges and grants receivable, net	(589,750)	(2,664,569)
Accounts payable and accrued expenses	91,534	(215,421)
Accrued compensation	116,045	5,253
Pooled income deferred revenue	(1,682)	(36,019)
Gift annuities obligations	(86,401)	(64,597)
Trust agreement obligations	(6,005)	(4,371)
Pooled income funds	(8)	2,482
Total adjustments	<u>(2,189,263)</u>	<u>(4,606,039)</u>
Net cash provided by (used in) operating activities	<u>(83,713)</u>	<u>1,203,389</u>
Cash flows from investing activities:		
Purchase of property and equipment	(112,455)	(207,417)
Change in debt service reserve fund	(153)	(40,135)
Purchase of investments	(4,075,789)	(479,679)
Proceeds from the sale of investments	<u>4,652,634</u>	<u>1,326,404</u>
Net cash provided by investing activities	<u>464,237</u>	<u>599,173</u>
Cash flows from financing activities:		
Net contributions to endowments	1,286,476	104,432
Forgiveness of donor advance - promissory notes	(250,000)	-
Repayment of bond payable	<u>(84,801)</u>	<u>(81,905)</u>
Net cash provided by financing activities	<u>951,675</u>	<u>22,527</u>
Net increase in cash and cash equivalents	1,332,199	1,825,089
Cash and cash equivalents, beginning of year	<u>4,841,235</u>	<u>3,016,146</u>
Cash and cash equivalents, end of year	\$ <u><u>6,173,434</u></u>	\$ <u><u>4,841,235</u></u>
Supplemental disclosure:		
Cash paid for interest	\$ <u><u>100,654</u></u>	\$ <u><u>103,546</u></u>



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. Included in unrestricted net assets are board-designated funds which are funds set aside by the Board of Trustees for strategic purposes and to provide investment income to support operations. These amounts may only be used with the approval of the Board of Trustees. Also included in unrestricted net assets is UUSC’s investment in plant, which represents the portion of expendable funds invested in UUSC’s property and equipment used in its operations.

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. Unexpended appreciation on permanently restricted net assets is included in temporarily restricted net assets.

Operations

The statement of activities reports the changes in unrestricted, temporarily restricted and permanently restricted assets from operating and non-operating activities. Non-operating activities consist of investment income and gains (losses) net of amounts appropriated and investment fees, bequests in excess of amount appropriated, special initiative campaign support and expenses, change in value of split-interest gifts and transfer upon demise and other non-operating activity. All other activities are considered operating.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Significant management estimates included in the financial statements relate to the discount and allowance for pledges receivable, fair value disclosures of certain investments, validity and completeness of satisfaction of donor restrictions, capitalization, disposal, and useful lives of property and equipment, interest in and obligations under split-interest agreements, and the allocation of common expenses over program functions.

Income Tax Status

UUSC is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities of UUSC, management concluded that disclosures relative to tax provisions are not necessary.

Uncertain Tax Positions

UUSC accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. UUSC has identified its tax status as a tax exempt entity and its determination of which income is related and unrelated as its only significant tax positions and has determined that such tax positions do not result in uncertainty requiring recognition. UUSC is not currently under examination by any taxing jurisdiction. UUSC’s Federal and state income tax returns are generally open for examination for three years after the date of filing, including extensions.

Cash and Cash Equivalents

All highly liquid debt instruments with a maturity of three months or less when purchased are classified as cash equivalents. UUSC maintains its cash in interest-bearing bank deposit accounts that are insured up to \$250,000 by the FDIC. Balances at times exceed insured limits. UUSC monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts. Cash and cash equivalents held by investment managers are considered part of investments.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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

Investments

UUSC reports investments at fair value. Fair value is determined as per Note 1, in the Fair Value Measurements section.

Investment returns are reported as increases or decreases in unrestricted net assets or:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund.
- as increases in temporarily restricted net assets if the terms of the gift or state law impose restrictions on the current use of the income or net gains or as decreases, up to any existing unrealized appreciation.

Realized gains and losses are determined using the average cost basis. Purchases and sales of securities are accounted for using the trade date. Investment income is presented net of investment management and custodial fees.

Mission Related Loan Receivable

UUSC has a loan receivable from a program partner in Guatemala, accruing interest at 6% annually. The loan is secured by the partner's administrative building with repayment over a 10 year period.

Debt Service Reserve Fund

Debt service reserve fund represents amounts held in connection with UUSC's debt arrangements. Such amounts are held in short-term investments and are presented at fair value, as described later in this section.

Split-Interest Agreements

UUSC is the beneficiary of various split-interest planned giving agreements. Assets of split-interest agreements are recorded at fair value as per Note 3, in the appropriate net asset category based on donor stipulation. Contributions are recognized initially at fair value based on the present value of future benefits expected to be received or in the case of gift annuities and certain other gift instruments as the difference between fair value of donated investments less the liability for amounts payable to the donor or the donor's designee. For the pooled income fund, the difference is recorded as deferred revenue, to be recognized upon the demise of the donor or beneficiary.

The initially recorded fair value of the donated investments are determined based on the underlying nature of the investments received which have generally represented Level 1 and Level 3 measurements while the initial measurement of the related obligations are a Level 2 measure.

Pooled income funds - Pooled income funds require that income generated is paid to a designated beneficiary (or beneficiaries) over their lifetime. Upon the last beneficiary's death, the value of the donor's units in the fund is transferred to the unrestricted net assets of UUSC, unless the donor has designated these funds for a restricted purpose.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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

Split-Interest Agreements (Continued)

Trust agreements - Trust agreements generally require that specified distributions be made to a designated beneficiary (or beneficiaries) over the trust's term. Upon termination of the trust, UUSC receives any remaining assets, subject to any donor-restricted purpose.

Gift annuity funds - Gift annuity funds generally entail a donor transferring assets to UUSC in return for a promise to pay a specific annuity to a designated beneficiary (or beneficiaries) for their lifetime. Under this arrangement, the obligation to make annuity payments is guaranteed by UUSC. Upon the last beneficiary's death, the annuity payment obligation ceases, and the residual balance is transferred to the unrestricted net assets of UUSC, unless the donor has designated these funds for a restricted purpose.

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 the straight-line basis over the estimated useful lives of the assets which range from three to forty years.

Pledges and Grants Receivable

Pledges receivable are initially recorded at fair value based on the present value using a risk adjusted discount rate taking into account expected collections. The initially recorded fair value is considered a Level 2 fair value approach. Management revises its estimates of the allowance for doubtful accounts based on history of collections and knowledge acquired about specific facts relating to outstanding items while the initial discount rate is used over the life of the related pledge. Adjustments to the allowance are charged to bad debt expense. Uncollectible accounts are written off against the allowance. An account is considered uncollectible when all collection efforts have been exhausted.

Contributions

Contributions, including unconditional promises to give, are initially recorded as revenue at fair value when verifiably committed. Fair value is determined at the original date of recordation as per Note 3 and as earlier described in these notes using Level 2 fair value methods. Conditional contributions and intentions to give are recorded as revenue when the conditions have been met. Contributions are reflected as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor restrictions. Amounts received with donor-imposed restrictions that are recorded as temporarily restricted revenues are reclassified to unrestricted net assets when the time or purpose restriction has been satisfied. 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.

Large-scale natural disasters and the humanitarian crises that follow require a wide variety of aid, immediately and over the mid and long-term. UUSC's disaster response focuses on those groups of people who are at risk of being overlooked by mainstream disaster responses. UUSC seeks to maximize donations to assist such people.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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

Conditional Promises to Give/Bequests

From time to time, UUSC has been advised that it has been included in the wills of 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. Unrestricted bequests are held in board designated endowment until appropriated for use.

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 and they are included in printing and publication expenses. Advertising expense totaled \$32,713 and \$17,778 in 2015 and 2014, respectively.

Fair Value Measurements

UUSC reports certain assets and liabilities at fair value on a recurring and non-recurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include UUSC's investments, assets related to pooled income funds, assets related to charitable trust funds and assets held for the debt service reserve fund. Non-recurring measurements include pledges receivable and liabilities for split-interest agreements.

These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require UUSC to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique.

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. Instruments which are generally included in this category 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.

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.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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

Fair Value Measurements (Continued)

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.

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 active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of UUSC’s financial instruments, see Note 3 - Fair Values of Financial Instruments.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent Events

UUSC has evaluated subsequent events through September 26, 2015, the date the financial statements were authorized to be issued.

Note 2 - Investments

Certain investments specifically support UUSC’s planned giving obligations. These assets amounted to \$505,372 and \$568,068 at June 30, 2015 and 2014, respectively.

Investment return was recorded as follows in the statements of activities for the years ended June 30:

	2015	2014
Investment income and gains appropriated	\$ 570,304	\$ 553,276
Investment income and gains (losses), net of amounts appropriated and investment fees	<u>(354,037)</u>	<u>1,052,580</u>
Total investment return	<u>\$ 216,267</u>	<u>\$ 1,605,856</u>



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 2 - Investments (Continued)

Investment return was composed of the following for the years ended June 30:

	<i>2015</i>	<i>2014</i>
Interest and dividend income	\$ 249,932	\$ 285,014
Realized and unrealized gains on investments	41,193	1,384,705
Investment fees	<u>(74,858)</u>	<u>(63,863)</u>
Total investment return	<u>\$ 216,267</u>	<u>\$ 1,605,856</u>

Note 3 - Fair Values of Financial Instruments

The following table presents financial assets at June 30, 2015 that UUSC measures at fair value on a recurring basis, by level, within the fair value hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments:				
Money market instruments	\$ 518,150	\$ -	\$ -	\$ 518,150
Government issued securities	-	2,272,751	-	2,272,751
Common stocks:				
Financials	1,069,587	-	-	1,069,587
Consumer products	1,863,503	-	-	1,863,503
Industrial products	1,267,053	-	-	1,267,053
Technology	758,893	-	-	758,893
Healthcare	418,453	-	-	418,453
Energy	122,666	-	-	122,666
International securities	3,270,733	-	-	3,270,733
Corporate bonds	-	1,519,336	-	1,519,336
Assets related to pooled income funds and charitable trust funds	<u>-</u>	<u>-</u>	<u>505,372</u>	<u>505,372</u>
Total investments	9,289,038	3,792,087	505,372	13,586,497
Debt service reserve fund	<u>119,079</u>	<u>-</u>	<u>-</u>	<u>119,079</u>
Total fair value of financial instruments	<u>\$ 9,408,117</u>	<u>\$ 3,792,087</u>	<u>\$ 505,372</u>	<u>\$ 13,705,576</u>



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 3 - Fair Values of Financial Instruments (Continued)

The following table presents financial assets at June 30, 2014 that UUSC measures at fair value on a recurring basis, by level, within the fair value hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments:				
Money market instruments	\$ 817,400	\$ -	\$ -	\$ 817,400
Government issued securities and mutual funds of government securities	-	2,701,642	-	2,701,642
Common stocks:				
Utilities	16,613	-	-	16,613
Financials	966,714	-	-	966,714
Consumer products	1,068,708	-	-	1,068,708
Industrial products	1,266,482	-	-	1,266,482
Technology	1,213,515	-	-	1,213,515
Healthcare	618,847	-	-	618,847
Energy	321,088	-	-	321,088
International securities	3,348,464	-	-	3,348,464
Corporate bonds	-	977,527	-	977,527
Assets related to pooled income funds and charitable trust funds	-	-	568,068	568,068
Total investments	9,637,831	3,679,169	568,068	13,885,068
Debt service reserve fund	118,926	-	-	118,926
Total fair value of financial instruments	\$ 9,756,757	\$ 3,679,169	\$ 568,068	\$ 14,003,994

The fair value of the assets related to pooled income funds and charitable trust funds is based on the market value of the related assets. Due to the planned giving provisions, UUSC does not have the ability to redeem the investments at net asset value per share. Therefore, the assets have been recorded as Level 3. The debt service reserve fund is invested in money market instruments.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 4 - Pledges and Grants Receivable

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

	2015	2014
Pledges receivable		
Due within one year	\$ 1,666,165	\$ 1,436,000
Due in one to five years	2,805,122	2,439,500
Bequests based upon validated wills	-	40,000
	<u>4,471,287</u>	<u>3,915,500</u>
Less: present value discount	139,456	145,419
Less: allowance for uncollectible pledges	-	2,400
	<u>1,075,000</u>	<u>1,049,400</u>
Grants receivable		
	<u>1,075,000</u>	<u>1,049,400</u>
Total pledges and grants receivable, net	<u>\$ 5,406,831</u>	<u>\$ 4,817,081</u>

Note 5 - Property and Equipment, Net

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

	2015	2014
Land	\$ 970,001	\$ 970,001
Property and improvements	5,940,195	5,940,985
Office and computer equipment	607,495	563,453
Construction in progress	69,202	-
	<u>7,586,893</u>	<u>7,474,439</u>
Less: accumulated depreciation	1,828,708	1,542,513
	<u>5,758,185</u>	<u>5,931,926</u>
Total property and equipment, net	<u>\$ 5,758,185</u>	<u>\$ 5,931,926</u>

Construction in progress at June 30, 2015 relates to various projects, including a LEED certification project, related to the building at 689 Massachusetts Ave, Cambridge.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 6 - Bond Payable

UUSC has a tax exempt bond outstanding, which was used to finance the purchase of its primary operating facility. The bond was privately placed with a bank and is secured by the related building. The bond bears interest at a fixed rate of 3.43% and matures on May 1, 2022. The principal and interest on the loan is payable in 120 monthly payments. The annual payments of principal and interest are approximately \$185,000 per year. UUSC met the financial covenant conditions required to be maintained.

The annual principal payments for the next five years and thereafter as of June 30, 2015 are as follows:

2016	\$	87,531
2017		90,893
2018		94,104
2019		97,430
2020		100,641
Thereafter		<u>2,377,239</u>
	\$	<u><u>2,847,838</u></u>

Note 7 - 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 a money market account, the interest of which can be used to support operations. During 2015, one donor released UUSC of their repayment obligation and the advance has been accounted for as a contribution. It is the intention of the second donor to forgive the note upon their death. The remaining advance has not been accounted for as a contribution, given that it represents an intention, and has not been present valued due to the demand feature of the note.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 8 - Net Assets and Endowment Matters

Net assets were composed of the following at June 30:

Unrestricted:

	<i>2015</i>	<i>2014</i>
Operating - undesignated	\$ 3,087,607	\$ 2,934,695
Board designated	6,804,621	7,076,886
Plant	<u>3,029,426</u>	<u>3,118,213</u>
Total unrestricted net assets	<u>\$ 12,921,654</u>	<u>\$ 13,129,794</u>

Temporarily Restricted:

	<i>2015</i>	<i>2014</i>
Special Initiative/Comprehensive campaign	\$ 4,975,901	\$ 4,153,877
Time	2,636,324	2,235,316
Designated relief	864,099	940,621
Accumulated appreciation on endowment	369,711	476,914
Pooled income	215,819	214,137
Eleanor Clark French Library	85,858	90,125
Charitable trusts	39,680	49,139
Programs	<u>34,899</u>	<u>34,948</u>
Total temporarily restricted net assets	<u>\$ 9,222,291</u>	<u>\$ 8,195,077</u>

Permanently Restricted:

	<i>2015</i>	<i>2014</i>
Endowment fund	\$ 3,360,255	\$ 3,359,055
Special initiative campaign	1,285,276	-
Comprehensive campaign	250,000	250,000
Pooled income	108,521	108,521
Charitable trusts	<u>9,942</u>	<u>9,942</u>
Total permanently restricted net assets	<u>\$ 5,013,994</u>	<u>\$ 3,727,518</u>



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 8 - Net Assets and Endowment Matters (Continued)

Special Initiative Campaign - UUSC Rising

UUSC Rising: Because Justice Can't Wait is a special initiatives campaign established to raise funds in support of UUSC's programmatic work through the Organization's eye-to-eye partnership model, and to celebrate the Organization's 75th anniversary. This campaign provides UUSC with an opportunity to consolidate the significant growth experienced over the past few years in major donor support and will help secure UUSC's financial future for at least the next decade.

The active phase of the campaign will be conducted over three years, with funds raised from FY14 through FY16. Fiscal Years 14 and 15 comprised the "quiet" phase of the campaign, with FY16 marking the public phase.

UUSC Rising: Because Justice Can't Wait is part of the Unitarian Universalist Collaborative Campaign involving UUSC and the Church of the Larger Fellowship, Meadville Lombard Theological School, Starr King School for the Ministry, the Unitarian Universalist Association and the Unitarian Universalist Ministers Association.

The following represents required disclosure relative to the composition and activities of endowment and funds functioning as endowment for the year ended June 30, 2015:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 369,711	\$ 5,013,994	\$ 5,383,705
Board-designated endowment funds	6,804,621	-	-	6,804,621
Total funds	\$ 6,804,621	\$ 369,711	\$ 5,013,994	\$ 12,188,326

The following represents required disclosure relative to the composition and activities of endowment and funds functioning as endowment for the year ended June 30, 2014:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Donor-restricted endowment funds	\$ -	\$ 476,914	\$ 3,727,518	\$ 4,204,432
Board-designated endowment funds	7,076,886	-	-	7,076,886
Total funds	\$ 7,076,886	\$ 476,914	\$ 3,727,518	\$ 11,281,318



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 8 - Net Assets and Endowment Matters (Continued)

The following represents required disclosure relating to the composition of endowment assets and those functioning as endowment assets at June 30:

	<i>2015</i>			<i>Total</i>
	<i>Unrestricted Net Assets</i>	<i>Temporarily Restricted Net Assets</i>	<i>Permanently Restricted Net Assets</i>	
Endowment assets and those functioning as endowment assets, beginning of year	\$ 7,076,886	\$ 476,914	\$ 3,727,518	\$ 11,281,318
Gifts and additions	672,187	-	1,286,476	1,958,663
Investment returns:				
Interest and dividends	175,909	74,023	-	249,932
Realized and unrealized gains	27,732	13,461	-	41,193
Total investment returns	203,641	87,484	-	291,125
Expenditures:				
Bequests appropriated for operations	(697,617)	-	-	(697,617)
Spending rate appropriated for operations	(397,615)	(172,689)	-	(570,304)
Custodial fees	(52,861)	(21,998)	-	(74,859)
Other expenditures	-	-	-	-
Total expenditures	(1,148,093)	(194,687)	-	(1,342,780)
Change in endowment assets and those functioning as endowment assets	(272,265)	(107,203)	1,286,476	907,008
Endowment assets and those functioning as endowment assets, end of year	\$ 6,804,621	\$ 369,711	\$ 5,013,994	\$ 12,188,326



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 8 - Net Assets and Endowment Matters (Continued)

	<i>2014</i>			<i>Total</i>
	<i>Unrestricted Net Assets</i>	<i>Temporarily Restricted Net Assets</i>	<i>Permanently Restricted Net Assets</i>	
Endowment assets and those functioning as endowment assets, beginning of year	\$ 6,416,611	\$ 459,969	\$ 3,623,086	\$ 10,499,666
Gifts and additions	871,189	-	104,432	975,621
Investment returns:				
Interest and dividends	199,330	85,684	-	285,014
Realized and unrealized gains	968,687	416,018	-	1,384,705
Total investment returns	1,168,017	501,702	-	1,669,719
Expenditures:				
Bequests appropriated for operations	(653,465)	-	-	(653,465)
Spending rate appropriated for operations	(86,938)	(466,338)	-	(553,276)
Custodial fees	(45,444)	(18,419)	-	(63,863)
Other expenditures	(593,084)	-	-	(593,084)
Total expenditures	(1,378,931)	(484,757)	-	(1,863,688)
Change in endowment assets and those functioning as endowment assets	660,275	16,945	104,432	781,652
Endowment assets and those functioning as endowment assets, end of year	\$ 7,076,886	\$ 476,914	\$ 3,727,518	\$ 11,281,318



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 8 - Net Assets and Endowment Matters (Continued)

Endowment

UUSC's endowment consists of 33 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

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 state law. In accordance with state law, 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 was 5% of the non-planned giving investments using the average of the previous twelve quarters using the end of the prior calendar year as a starting point. Bequests appropriated for the year are calculated at the beginning of the year as 55% and 60% of the last three years' total average bequests in 2015 and 2014, respectively. In addition to these spending rates, the Board of Trustees approved additional draw downs during the years ended June 30, 2015 and 2014 of \$0 and \$24,375, respectively, 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 8 - Net Assets and Endowment Matters (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires UUSC to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2015 or 2014.

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. It is the goal of the aggregate long-term investments to generate an average total annual return that exceeds the spending/payout rate plus inflation.

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 9 - 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>2015</i>	<i>2014</i>
Program services	\$ 306,098	\$ 323,671
Fundraising	<u>62,695</u>	<u>57,118</u>
Total allocation of joint costs	<u>\$ 368,793</u>	<u>\$ 380,789</u>



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 9 - Allocation of Joint Costs (Continued)

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

	<i>2015</i>	<i>2014</i>
Printing and publications	\$ 238,687	\$ 226,852
Postage and delivery	<u>130,106</u>	<u>153,937</u>
Total	<u>\$ 368,793</u>	<u>\$ 380,789</u>

Note 10 - Rental Leases

UUSC, as a landlord, rents office space located at 689 Massachusetts Avenue, Cambridge, Massachusetts, under operating leases. UUSC occupies a portion of the building. UUSC leases wind turbine generators on a 40 year lease, installed on land owned in Utah. Rental income and related expenses are included in the operating activities on the accompanying statement of activities. The leases expire at various dates through 2048.

The approximate minimum revenues from future rentals to be received under operating leases for each of the next five years and thereafter as of June 30, 2015 are as follows:

2016	\$ 310,300
2017	211,800
2018	116,500
2019	119,700
2020	122,900
Thereafter	<u>741,300</u>
	<u>\$ 1,622,500</u>

Note 11 - Commitments and Contingencies

Employment Agreement

As is common at many organizations, UUSC has an employment agreement with its CEO. The contract extends through January 31, 2016 and contains a number of provisions relative to the terms of employment, which in the event of involuntary termination would create a liability to UUSC. In addition, UUSC also pays certain benefits of the former CEO. The anticipated costs of these agreements are included in accrued compensation at June 30, 2015 and 2014.

Appropriation

UUSC's Board of Trustees approved a combined appropriation of \$1,202,874 in support of operations for the year ending June 30, 2016, pursuant to the Investment and Bequest Spending Policy.



UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 12 - Concentrations and Related Party Matters

Revenue for the years ended June 30, 2015 and 2014 includes \$1,775,000 and \$1,307,861, respectively, from two donors including the Unitarian Universalist Veatch Program at Shelter Rock (“Shelter Rock”). During the years ended June 30, 2015 and 2014, Shelter Rock committed grant revenue of \$850,000 and \$825,000, respectively, as well as \$175,000 in donations in 2015. UUSC received \$750,000 in pledge commitments during the year ended June 30, 2015 from one donor. The pledges and grants from 2014 were largely collected, and based on experience, UUSC expects that the balance at June 30, 2015 from Shelter Rock will also be collected in full.

A significant portion of UUSC’s investments are managed by a firm associated with a trustee who is a managing director of the firm and who regularly recuses herself from all investment related decisions. Fees for such services were \$40,507 and \$40,554 for the years ended June 30, 2015 and 2014, respectively. The Board believes this transaction is favorable to UUSC, and such arrangement has been reviewed and approved by the remaining trustees.

Note 13 - 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 plus employee elective deferrals up to specified qualified plan limits. All contributions to the plan are invested in a group annuity contract. Retirement plan expenses were \$246,511 and \$243,174 for the years ended June 30, 2015 and 2014, respectively.

Note 14 - Collective Bargaining Agreement

UUSC’s workforce is composed primarily of members of UNITE Here! with whom there is a collective bargaining agreement. In June 2012, that agreement was extended for five years until June 2017.



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Independent Auditors' Report

The Board of Trustees
Unitarian Universalist Service Committee
Cambridge, Massachusetts

We have audited the accompanying financial statements of the Unitarian Universalist Service Committee (“UUSC”), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maya Hoffman McCann P.C.

September 26, 2015
Boston, Massachusetts