



Financial Statements for the year ending June 30, 2019



Unitarian Universalist Service Committee

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UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Financial Statements

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during fiscal year 2019, UUSC adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Mayer Hoffman McCann P.C.

October 5, 2019
Boston, Massachusetts

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statements of Financial Position

	June 30,	
	2019	2018
Assets		
Cash and cash equivalents:		
Cash	\$ 1,353,307	\$ 875,027
Money market funds	<u>3,467,102</u>	<u>4,931,985</u>
Total cash and cash equivalents	4,820,409	5,807,012
Accounts and interest receivable	391,398	297,201
Prepaid expenses and other assets	169,611	200,043
Pledges and grants receivable, net	1,490,187	1,987,810
Mission related loan receivable	124,961	140,054
Investments	15,888,204	15,182,780
Property and equipment, net	<u>5,879,839</u>	<u>6,035,207</u>
Total assets	\$ <u>28,764,609</u>	\$ <u>29,650,107</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 370,775	\$ 501,330
Accrued compensation	323,728	362,101
Pooled income deferred revenue	62,480	66,372
Donor advance - promissory notes	125,000	125,000
Bond payable	2,477,894	2,575,323
Gift annuities and trust agreements	<u>581,028</u>	<u>644,921</u>
Total liabilities	<u>3,940,905</u>	<u>4,275,047</u>
Net assets:		
Without donor restrictions	15,391,134	14,772,295
With donor restrictions	<u>9,432,570</u>	<u>10,602,765</u>
Total net assets	<u>24,823,704</u>	<u>25,375,060</u>
Total liabilities and net assets	\$ <u>28,764,609</u>	\$ <u>29,650,107</u>

See the accompanying Notes to Financial Statements.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statement of Activities

Year Ended June 30, 2019
(with comparative totals for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating support and revenue				
Public support:				
Contributions	\$ 4,968,025	\$ 191,920	\$ 5,159,945	\$ 5,344,222
Matching grant	-	850,000	850,000	850,000
Foundations	125,065	75,000	200,065	243,085
Bequests appropriated	505,015	-	505,015	495,122
	5,598,105	1,116,920	6,715,025	6,932,429
Revenue:				
Sales of merchandise, net	7,878	-	7,878	32,633
Rental income and other	617,274	-	617,274	659,511
Investment return appropriated	627,915	-	627,915	606,837
	1,253,067	-	1,253,067	1,298,981
Total operating support and revenue	6,851,172	1,116,920	7,968,092	8,231,410
Net assets released from restrictions				
Satisfaction of program restrictions	295,031	(295,031)	-	-
Passage of time	2,486,712	(2,486,712)	-	-
	2,781,743	(2,781,743)	-	-
Total operating support and revenue and net assets released from restrictions	9,632,915	(1,664,823)	7,968,092	8,231,410
Expenses				
Program services	7,430,054	-	7,430,054	7,756,684
Office space rental	379,983	-	379,983	374,977
Fundraising	727,857	-	727,857	965,194
Management	922,378	-	922,378	822,169
Total expenses	9,460,272	-	9,460,272	9,919,024
Income (loss) from operations	172,643	(1,664,823)	(1,492,180)	(1,687,614)
Non-operating activity				
Bequests in excess of amount appropriated	61,515	-	61,515	993,030
New initiatives campaign	-	143,500	143,500	101,000
Special initiative campaign support	-	39,735	39,735	78,090
Special initiative campaign expenses	-	(15,630)	(15,630)	(61,817)
Investment return net of amounts appropriated and investment fees	415,271	328,943	744,214	359,043
Change in value of split-interest gifts and transfer upon demise	(30,590)	(1,920)	(32,510)	(87,569)
Total net non-operating activity	446,196	494,628	940,824	1,381,777
Change in net assets	618,839	(1,170,195)	(551,356)	(305,837)
Net assets, beginning of year	14,772,295	10,602,765	25,375,060	25,680,897
Net assets, end of year	\$ 15,391,134	\$ 9,432,570	\$ 24,823,704	\$ 25,375,060

See the accompanying Notes to Financial Statements.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statement of Activities

Year Ended June 30, 2018

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Operating support and revenue			
Public support:			
Contributions	\$ 4,881,981	\$ 462,241	\$ 5,344,222
Matching grant	-	850,000	850,000
Foundations	141,685	101,400	243,085
Bequests appropriated	495,122	-	495,122
	5,518,788	1,413,641	6,932,429
Revenue:			
Sales of merchandise, net	32,633	-	32,633
Rental income and other	659,511	-	659,511
Investment return appropriated	606,837	-	606,837
	1,298,981	-	1,298,981
Total operating support and revenue	6,817,769	1,413,641	8,231,410
Net assets released from restrictions			
Satisfaction of program restrictions	374,791	(374,791)	-
Passage of time	2,743,160	(2,743,160)	-
	3,117,951	(3,117,951)	-
Total operating support and revenue and net assets released from restrictions	9,935,720	(1,704,310)	8,231,410
Expenses			
Program services	7,756,684	-	7,756,684
Office space rental	374,977	-	374,977
Fundraising	965,194	-	965,194
Management	822,169	-	822,169
Total expenses	9,919,024	-	9,919,024
Income (loss) from operations	16,696	(1,704,310)	(1,687,614)
Non-operating activity			
Bequests in excess of amount appropriated	993,030	-	993,030
New initiatives campaign	-	101,000	101,000
Special initiative campaign support	-	78,090	78,090
Special initiative campaign expenses	(61,817)	-	(61,817)
Investment return net of amounts appropriated and investment fees	204,810	154,233	359,043
Change in value of split-interest gifts and transfer upon demise	(64,264)	(23,305)	(87,569)
Total net non-operating activity	1,071,759	310,018	1,381,777
Change in net assets	1,088,455	(1,394,292)	(305,837)
Net assets, beginning of year	13,683,840	11,997,057	25,680,897
Net assets, end of year	\$ 14,772,295	\$ 10,602,765	\$ 25,375,060

See the accompanying Notes to Financial Statements.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statement of Functional Expenses

*Year Ended June 30, 2019
(with comparative totals for 2018)*

	Program Services						Supporting Services		2019 Total	2018 Total
	Climate Justice / Environmental Justice	Economic Justice	Migrant Justice / Crisis Response	College of Social Justice	Total	Office Space Rental	Fundraising	Management		
Salaries and fringe	\$ 893,172	\$ 40,188	\$ 2,470,201	\$ 529,192	\$ 3,932,753	\$ 134,863	\$ 175,062	\$ 652,436	\$ 4,895,114	\$ 4,663,342
Program grants	279,326	12,568	777,517	5,820	1,075,231	-	-	-	1,075,231	1,259,036
Designated/emergency relief grants	-	-	222,113	-	222,113	-	-	-	222,113	428,245
Professional fees	108,627	4,888	305,121	103,092	521,728	-	256,498	65,240	843,466	1,085,683
Printing and publication	79,364	3,571	219,493	2,407	304,835	-	47,202	-	352,037	410,191
Travel	124,004	5,580	344,280	73,512	547,376	-	25,478	1,779	574,633	619,713
Depreciation and amortization	36,377	1,637	100,606	-	138,620	116,356	28,604	52,807	336,387	312,758
Postage and delivery	60,134	2,706	166,310	103	229,253	-	39,465	711	269,429	306,507
Occupancy	24,558	1,105	67,920	30,549	124,132	71,918	17,680	52,201	265,931	223,916
Supplies	2,447	110	6,766	4,912	14,235	1,298	3,895	6,498	25,926	25,323
Cost of sales	7,176	323	19,847	-	27,346	-	-	-	27,346	43,693
Communication	3,126	141	8,645	6,657	18,569	7,417	3,291	4,179	33,456	32,444
Technology	1,182	53	3,270	-	4,505	-	-	-	4,505	3,668
Staff development	2,047	92	5,661	60	7,860	-	1,006	19,515	28,381	40,510
Rent	2,265	102	6,264	4,103	12,734	-	6,331	904	19,969	28,613
Memberships and subscription	38,843	1,748	107,426	3,630	151,647	-	47,989	34,871	234,507	196,137
Insurance	8,890	400	24,585	31	33,906	28,182	6,928	12,809	81,825	83,642
Interest - mortgage	6,237	281	17,249	30,349	54,116	19,949	4,904	9,054	88,023	91,350
Lock box and bank fees	632	28	1,958	90	2,708	-	71,768	1,676	76,152	68,246
Awards	547	25	1,512	-	2,084	-	3,000	-	5,084	2,000
Miscellaneous	8,278	365	22,895	111	31,649	-	4,386	7,698	43,733	99,517
	1,687,232	75,911	4,899,639	794,618	7,457,400	379,983	743,487	922,378	9,503,248	10,024,534
Less:										
Cost of sales	(7,176)	(323)	(19,847)	-	(27,346)	-	-	-	(27,346)	(43,693)
Special Initiative Campaign - UUSC Rising	-	-	-	-	-	-	(15,630)	-	(15,630)	(61,817)
	<u>\$ 1,680,056</u>	<u>\$ 75,588</u>	<u>\$ 4,879,792</u>	<u>\$ 794,618</u>	<u>\$ 7,430,054</u>	<u>\$ 379,983</u>	<u>\$ 727,857</u>	<u>\$ 922,378</u>	<u>\$ 9,460,272</u>	<u>\$ 9,919,024</u>

See the accompanying Notes to Financial Statements.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services						Supporting Services		Total
	Climate Justice / Environmental Justice	Economic Justice	Migrant Justice / Crisis Response	College of Social Justice	Total	Office Space Rental	Fundraising	Management	
Salaries and fringe	\$ 891,435	\$ 280,832	\$ 2,129,162	\$ 483,281	\$ 3,784,710	\$ 131,911	\$ 156,014	\$ 590,707	\$ 4,663,342
Program grants	337,277	106,254	805,576	9,929	1,259,036	-	-	-	1,259,036
Designated/emergency relief grants	-	-	428,245	-	428,245	-	-	-	428,245
Professional fees	186,351	58,705	458,038	74,099	777,193	-	246,290	62,200	1,085,683
Printing and publication	97,652	30,764	233,237	4,827	366,480	-	43,635	76	410,191
Travel	73,295	23,090	176,326	99,696	372,407	-	237,237	10,069	619,713
Depreciation and amortization	23,322	7,347	55,703	44,051	130,423	106,760	45,345	30,230	312,758
Postage and delivery	70,296	22,146	167,900	130	260,472	-	45,053	982	306,507
Occupancy	20,586	6,485	49,169	4,577	80,817	75,228	39,832	28,039	223,916
Supplies	2,352	741	5,618	4,727	13,438	2,417	4,353	5,115	25,323
Cost of sales	11,798	3,717	28,178	-	43,693	-	-	-	43,693
Communication	2,078	655	4,965	2,705	10,403	4,932	14,278	2,831	32,444
Technology	990	312	2,366	-	3,668	-	-	-	3,668
Staff development	2,031	640	4,850	1,927	9,448	-	1,936	29,126	40,510
Rent	2,169	683	5,180	1,589	9,621	-	16,818	2,174	28,613
Memberships and subscription	28,900	9,105	69,027	2,148	109,180	-	53,608	33,349	196,137
Insurance	7,062	2,225	16,867	9,286	35,440	25,606	13,558	9,038	83,642
Interest - mortgage	7,658	2,413	18,292	10,046	38,409	28,123	14,891	9,927	91,350
Lock box and bank fees	895	282	2,573	370	4,120	-	62,279	1,847	68,246
Awards	540	170	1,290	-	2,000	-	-	-	2,000
Miscellaneous	15,259	4,807	36,447	4,661	61,174	-	31,884	6,459	99,517
	1,781,946	561,373	4,699,009	758,049	7,800,377	374,977	1,027,011	822,169	10,024,534
Less:									
Cost of sales	(11,798)	(3,717)	(28,178)	-	(43,693)	-	-	-	(43,693)
Special Initiative Campaign - UUSC Rising	-	-	-	-	-	-	(61,817)	-	(61,817)
	<u>\$ 1,770,148</u>	<u>\$ 557,656</u>	<u>\$ 4,670,831</u>	<u>\$ 758,049</u>	<u>\$ 7,756,684</u>	<u>\$ 374,977</u>	<u>\$ 965,194</u>	<u>\$ 822,169</u>	<u>\$ 9,919,024</u>

See the accompanying Notes to Financial Statements.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Statements of Cash Flows

	Years Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ (551,356)	\$ (305,837)
Adjustments to reconcile the change in net assets to net cash used in operating activities:		
Interest and dividends, reinvested	(270,328)	(249,472)
Depreciation and amortization	336,387	312,758
Realized and unrealized gains on investments	(1,182,349)	(796,909)
Net contributions to endowments	(101,900)	(314,200)
Changes in:		
Accounts and interest receivable	(94,197)	(95,715)
Mission related loan receivable	15,093	17,551
Prepaid expenses and other assets	30,432	35,282
Pledges and grants receivable, net	497,623	804,021
Accounts payable and accrued expenses	(147,822)	18,059
Accrued compensation	(38,373)	(22,589)
Pooled income deferred revenue	(3,892)	(10,809)
Gift annuities and trust agreement obligations	(63,893)	(49,966)
Total adjustments	<u>(1,023,219)</u>	<u>(351,989)</u>
Net cash used in operating activities	<u>(1,574,575)</u>	<u>(657,826)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(162,752)	(497,969)
Loss on disposal of property and equipment	(1,000)	-
Purchase of investments	(405,330)	(3,559,511)
Proceeds from the sale of investments	<u>1,152,583</u>	<u>3,710,313</u>
Net cash provided by (used in) investing activities	<u>583,501</u>	<u>(347,167)</u>
Cash flows from financing activities:		
Net contributions to endowments	101,900	314,200
Repayment of bond payable	<u>(97,429)</u>	<u>(94,101)</u>
Net cash provided by financing activities	<u>4,471</u>	<u>220,099</u>
Net decrease in cash and cash equivalents	(986,603)	(784,894)
Cash and cash equivalents, beginning of year	<u>5,807,012</u>	<u>6,591,906</u>
Cash and cash equivalents, end of year	\$ <u>4,820,409</u>	\$ <u>5,807,012</u>
Supplemental disclosure:		
Cash paid for interest	\$ <u>88,023</u>	\$ <u>91,350</u>
Property and equipment purchase included in accounts payable	\$ <u>17,267</u>	\$ <u>-</u>

See the accompanying Notes to Financial Statements.

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

UUSC reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. Included in net assets without donor restrictions 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. Net assets without donor restrictions also include UUSC’s investment in plant, which represents the portion of expendable funds invested in UUSC’s property and equipment, net of accumulated depreciation, used in its operations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the income earned on these investments is available for program operations unless restricted by the donor.

Operations

The statement of activities reports the changes in net assets without donor restrictions and net assets with donor restrictions from operating and non-operating activities. Non-operating activities consist of investment return 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)

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. Included in cash and cash equivalents is monies with donor restrictions. As of June 30, 2019 and 2018, UUSC has \$2,475,225 and \$3,857,233, respectively, in cash and cash equivalents with donor restrictions.

Investments

UUSC reports investments at estimated fair value. Fair value is determined as per the fair value policies described in this section. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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. The loan is scheduled to be paid off in May 2024.

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 UUSC's net assets without donor restrictions, unless the donor has designated these funds for a restricted purpose.

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.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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

Split-Interest Agreements (Continued)

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 net assets without donor restrictions of UUSC, unless the donor has designated these funds for a restricted purpose.

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.

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. Expenditures for maintenance are expensed as incurred. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets which range from three to forty years.

Revenue Recognition

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 described in this note using Level 2 fair value inputs. Conditional contributions and intentions to give are recorded as revenue when the conditions have been met. Contributions are reflected in net assets without donor restrictions or in net assets with donor restrictions based on the existence or absence of donor-imposed restrictions. Amounts received with donor-imposed restrictions that are recorded as revenues in net assets with donor restrictions are reclassified to net assets without donor restrictions 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

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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. Depreciation of plant assets and operation and maintenance of plant expenses have been allocated to functional classifications based on square footage. Interest expense is allocated to functional classifications that benefited from the use of the proceeds of the debt.

Advertising Expense

UUSC expenses all advertising costs as they are incurred and they are included in printing and publication expenses. Advertising expense totaled \$23,663 and \$118,859 in 2019 and 2018, respectively.

Fair Value Measurements

UUSC reports required types of financial instruments in accordance with the fair value standards. 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. In addition, UUSC reports certain investments using the net asset value ("NAV") per share as determined by investment managers under the so called "practical expedient." The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

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.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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

Fair Value Measurements (Continued)

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.

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 - Investments and Fair Value Measurements.

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, reserve for doubtful loans 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.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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

Uncertain Tax Positions (Continued)

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.

New Accounting Pronouncement

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities, Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. UUSC adopted ASU 2016-14 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

UUSC has evaluated subsequent events through October 5, 2019, the date the financial statements were authorized to be issued.

Note 2 - Available Resources and Liquidity

UUSC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. UUSC has various sources of liquidity at its disposal, including cash and cash equivalents, marketable securities, appropriations per the investment and bequest spending policies and payments due within 12 months or longer for its Special Initiatives Campaign pledges.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, UUSC considers all expenditures related to its ongoing programs, advocacy and research, as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, UUSC operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 2 - Available Resources and Liquidity (Continued)

As of June 30, 2019, the following table shows the amounts held by UUSC that could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and equivalents (without restrictions)	\$ 2,345,184
Accounts and interest receivable	391,398
Pledges/grants receivable, net (due within one year)	1,475,187
Appropriation of donor-restricted endowments for use over next 12 months	664,053
Appropriation of bequest for use over next 12 months	467,422
Investments not encumbered by donor or board restrictions	<u>422,579</u>
	<u>\$ 5,765,823</u>

Note 3 - Investments and Fair Value Measurements

The following tables summarize financial assets of UUSC measured at fair value on a recurring basis, by level, within the fair value hierarchy at June 30:

	2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market instruments	\$ 115,122	\$ -	\$ -	\$ 115,122
Mutual fund - International	3,622,542	-	-	3,622,542
Government issued securities	-	3,007,602	-	3,007,602
Common stocks:				
Financials	1,201,755	-	-	1,201,755
Consumer products	1,497,151	-	-	1,497,151
Industrial products	1,418,589	-	-	1,418,589
Technology	1,597,327	-	-	1,597,327
Healthcare	1,045,771	-	-	1,045,771
Energy	75,685	-	-	75,685
International securities	263,716	-	-	263,716
Corporate bonds	-	1,864,169	-	1,864,169
Assets related to pooled income funds and charitable trust funds	-	-	178,775	178,775
Total fair value of financial instruments	\$ 10,837,658	\$ 4,871,771	\$ 178,775	\$ 15,888,204

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 3 - Investments and Fair Value Measurements (Continued)

	2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market instruments	\$ 240,396	\$ -	\$ -	\$ 240,396
Mutual fund - International	3,500,675	-	-	3,500,675
Government issued securities	-	2,261,845	-	2,261,845
Common stocks:				
Financials	1,168,540	-	-	1,168,540
Consumer products	1,630,673	-	-	1,630,673
Industrial products	1,434,642	-	-	1,434,642
Technology	1,542,125	-	-	1,542,125
Healthcare	1,040,744	-	-	1,040,744
Energy	87,009	-	-	87,009
International securities	213,245	-	-	213,245
Corporate bonds	-	1,875,343	-	1,875,343
Assets related to pooled income funds and charitable trust funds	-	-	187,543	187,543
Total fair value of financial instruments	\$ 10,858,049	\$ 4,137,188	\$ 187,543	\$ 15,182,780

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. Therefore, the assets have been recorded as Level 3.

Certain investments specifically support UUSC's planned giving obligations. These assets amounted to \$178,775 and \$187,543 at June 30, 2019 and 2018, respectively.

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

	2019	2018
Investment income and gains appropriated	\$ 627,915	\$ 606,837
Investment income and gains, net of amounts appropriated and investment fees	<u>744,214</u>	<u>359,043</u>
Total investment return	\$ 1,372,129	\$ 965,880

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 3 - Investments and Fair Value Measurements (Continued)

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

	2019	2018
Interest and dividend income	\$ 270,327	\$ 249,472
Realized and unrealized gains on investments	1,182,349	796,909
Investment fees	<u>(80,547)</u>	<u>(80,501)</u>
Total investment return	\$ <u>1,372,129</u>	\$ <u>965,880</u>

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:

	2019	2018
Pledges receivable		
Due within one year	\$ 451,534	\$ 904,885
Due in one to five years	<u>15,000</u>	<u>60,000</u>
	466,534	964,885
Less: present value discount (ranging from 3.00% to 6.00%)	2,172	2,900
Less: allowance for uncollectible pledges	<u>24,175</u>	<u>24,175</u>
Pledges receivable, net	440,187	937,810
Grants receivable	<u>1,050,000</u>	<u>1,050,000</u>
Total pledges and grants receivable, net	\$ <u>1,490,187</u>	\$ <u>1,987,810</u>

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 5 - Property and Equipment, Net

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

	2019	2018
Land	\$ 970,001	\$ 970,001
Property and improvements	6,712,861	6,177,593
Office and computer equipment	989,537	973,963
Construction in progress	<u>292,992</u>	<u>662,815</u>
	8,965,391	8,784,372
Less: accumulated depreciation	<u>3,085,552</u>	<u>2,749,165</u>
Total property and equipment, net	\$ <u>5,879,839</u>	\$ <u>6,035,207</u>

Construction in progress at June 30, 2019 relates to a LEED certification project related to the building at 689 Massachusetts Ave, Cambridge. The LEED certification project is planned to be completed by September, 2019 at the level of platinum certification. The estimated cost to complete the project is \$298,000. Construction in progress at June 30, 2018 relates to various projects, including the LEED certification project and sidewalk project.

Note 6 - Donor Advance - Promissory Notes

In FY 2009, a significant donor advanced funds to UUSC in return for a non-interest bearing demand promissory note. UUSC invested the proceeds from the note in a money market account, the interest of which can be used to support operations. It is the intention of the donor to forgive the note upon their death. The 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.

Note 7 - 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. The bond requires certain financial covenant conditions to be maintained.

The annual principal payments are as follows for the years ending June 30:

2020	\$ 100,641
2021	104,429
2022	<u>2,272,824</u>
	\$ <u>2,477,894</u>

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:

Without Donor Restrictions

	2019	2018
Operating - undesignated	\$ 3,483,956	\$ 3,124,348
Board designated	8,455,674	8,138,898
Net investment in property and equipment	<u>3,451,504</u>	<u>3,509,049</u>
Total net assets without donor restrictions	\$ <u>15,391,134</u>	\$ <u>14,772,295</u>

With Donor Restrictions

	2019	2018
Spendable funds with time and purpose restrictions:		
Special Initiative/Comprehensive campaign	\$ 1,034,449	\$ 2,374,487
New campaign	228,870	101,000
Time restrictions	1,138,254	1,307,839
Designated relief	40,324	243,924
Pooled income	105,983	107,903
Eleanor Clark French Library	19,729	33,842
Programs	33,784	33,436
Endowment funds (*):		
Accumulated appreciation on endowment	1,154,943	826,000
Endowment fund restricted in perpetuity	4,027,454	3,921,132
Special initiative campaign	1,334,072	1,334,072
Comprehensive campaign	250,000	250,000
Pooled income	<u>64,708</u>	<u>69,130</u>
Total net assets with donor restrictions	\$ <u>9,432,570</u>	\$ <u>10,602,765</u>

(*) Total endowment funds amounted to \$6,831,177 and \$6,400,334 in FY 2019 and FY 2018, respectively.

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 has provided 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 campaign was conducted over five years, with funds raised from FY 2014 through FY 2018. FYs 2014 and 2015 comprised the "quiet" phase of the campaign, with FY 2016 through FY 2018 marking the public phase. Having reached the financial goal before the campaign's pre-determined end-date, in this last full year of activity, UUSC is winding down UUSC Rising with updates to supporters and will look to launch a new campaign for FY 2020.

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 Collaborative Campaign will include a joint planned giving campaign, with the Wake Now our Vision, Legacy Challenge Gift Match. This gift match is sponsored by the UU Church at Shelter Rock and, for UUSC, will bridge from UUSC Rising to the next special initiatives fund.

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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 6,831,177	\$ 6,831,177
Board-designated endowment funds	8,455,674	-	8,455,674
Total funds	\$ 8,455,674	\$ 6,831,177	\$ 15,286,851

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 6,400,334	\$ 6,400,334
Board-designated endowment funds	8,138,898	-	8,138,898
Total funds	\$ 8,138,898	\$ 6,400,334	\$ 14,539,232

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:

	2019		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, beginning of year	\$ 8,138,898	\$ 6,400,334	\$ 14,539,232
Gifts and additions	566,530	101,900	668,430
Investment returns	765,649	606,481	1,372,130
Expenditures:			
Bequests appropriated for operations	(505,015)	-	(505,015)
Spending rate appropriated for operations	(350,377)	(277,538)	(627,915)
Other expenditures	(160,011)	-	(160,011)
Total expenditures	(1,015,403)	(277,538)	(1,292,941)
Change in endowment assets and those functioning as endowment assets	316,776	430,843	747,619
Endowment assets and those functioning as endowment assets, end of year	\$ 8,455,674	\$ 6,831,177	\$ 15,286,851
	2018		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, beginning of year	\$ 7,006,753	\$ 5,731,902	\$ 12,738,655
Gifts and additions	1,488,152	517,275	2,005,427
Investment returns	559,245	406,635	965,880
Expenditures:			
Bequests appropriated for operations	(495,122)	-	(495,122)
Spending rate appropriated for operations	(351,359)	(255,478)	(606,837)
Other expenditures	(68,771)	-	(68,771)
Total expenditures	(915,252)	(255,478)	(1,170,730)
Change in endowment assets and those functioning as endowment assets	1,132,145	668,432	1,800,577
Endowment assets and those functioning as endowment assets, end of year	\$ 8,138,898	\$ 6,400,334	\$ 14,539,232

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 8 - Net Assets and Endowment Matters (Continued)

Endowment

UUSC's endowment consists of 34 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.

UUSC accepts endowment gifts and has an Endowment Gift Policy that enables donors giving \$50,000 or more to establish a named endowment fund that will support the Organization's work throughout the future. The following are UUSC's current named endowment funds as of June 30, 2019:

\$1,000,000 and over

Bradburd Endowment for Youth and Young Adult Activists
Charles Mason Jr. Endowment

\$500,000 - \$999,999

50th Anniversary Program Endowment
Doyle & Alba Bortner Endowment
Bert & Val Harrop Family Fund
Dr. Richard S. Scobie Endowment

\$100,000 - \$499,999

Martha Sharp Cogan Children's Endowment Fund
Mary Trumpler Empowerment Endowment
Mildred K. Bickel Fund
Dorothy Baker Johnson Endowment
John W. Cyrus Endowment

\$50,000 - \$99,999

Johanna Henn Endowment
William Emerson Endowment
Beverley Baxter Endowment
Katherine L. Morningstar Endowment
Mary-Ella Holst and Guy C. Quinland Endowment
Domatila Barrios de Chungara Endowment
Carolyn Owen-Towle Endowment

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 8 - Net Assets and Endowment Matters (Continued)

Interpretation of Relevant Law and Spending Policy

UUSC classifies as net assets with donor restrictions (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. In addition, the remaining portion of the donor-restricted endowment fund that is appropriated for expenditure by UUSC in a manner consistent with the standard of prudence prescribed by state law is included as accumulated appreciation on endowment. 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 thirteen 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 50% of the last three years' total average bequests in FY 2019 and FY 2018.

In its statements 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.

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, 2019 or 2018.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

Note 8 - Net Assets and Endowment Matters (Continued)

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:

	2019	2018
Program services	\$ 483,825	\$ 496,811
Fundraising	<u>85,381</u>	<u>87,672</u>
Total allocation of joint costs	\$ <u>569,206</u>	\$ <u>584,483</u>

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

	2019	2018
Printing and publications	\$ 306,366	\$ 280,768
Postage and delivery	<u>262,840</u>	<u>303,715</u>
Total	\$ <u>569,206</u>	\$ <u>584,483</u>

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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 property owned in Utah to the operator of wind turbine generators under a 40-year lease. Rental income and related expenses are included in the operating activities on the accompanying statements 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 as of June 30, 2019 are as follows:

2020	\$ 413,643
2021	361,339
2022	186,012
2023	25,000
2024	25,000
Thereafter	<u>612,500</u>
	<u><u>\$ 1,623,494</u></u>

Note 11 - Commitments and Contingencies

Employment Agreement

As is common in many organizations, UUSC has employment agreements with key management personnel, including the CEO whose agreement commenced on June 13, 2018 and contains a number of provisions relative to the terms of employment. Additionally, UUSC also pays certain benefits of two prior CEOs and the associated costs of these agreements are included in accrued compensation at June 30, 2019 and 2018.

Appropriation

UUSC's Board of Trustees approved a combined appropriation of \$1,131,475 in support of operations for the year ending June 30, 2020, pursuant to the Investment and Bequest Spending Policy.

Note 12 - Concentrations and Related Party Matters

Revenue for the years ended June 30, 2019 and 2018 includes \$925,000 each year, from one donor, the Unitarian Universalist Veatch Program at Shelter Rock ("Shelter Rock"). During the years ended June 30, 2019 and 2018, Shelter Rock committed grant revenue of \$850,000 as well as \$850,000 in donations for each year. Based on experience, UUSC expects that the balance at June 30, 2019 from Shelter Rock will be collected in full.

There were no related party transactions in the current year.

UNITARIAN UNIVERSALIST SERVICE COMMITTEE

Notes to Financial Statements

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, presently with an employer contribution rate at 9% of an employee's base salary for up to 5 years of service and 10% for more than 5 years of service. To supplement the retirement plan, UUSC offers a Tax-Deferred Annuity plan to all employees with elective deferrals up to specified qualified plan limits. After 5 years of service, UUSC will match half of the eligible employee's contributions up to 1% of the employee's base salary. Retirement plan expenses were \$294,069 and \$271,965 for the years ended June 30, 2019 and 2018, 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. The latest agreement took effect in July 2018 and remains in force through June 2023.