



# Financial Statements for the year ending June 30, 2024



**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

### ***Opinion***

We have audited the financial statements of Unitarian Universalist Service Committee ("UUSC"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UUSC as of June 30, 2024 and 2023, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UUSC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UUSC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 UUSC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UUSC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*CBIZ CPAs P.C.<sup>1</sup>*

Boston, Massachusetts  
October 12, 2024

<sup>1</sup> In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## *Statements of Financial Position*

	<i>June 30,</i>	
	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents:		
Cash	\$ 1,806,559	\$ 1,386,655
Money market funds	6,062,823	11,613,270
<b>Total cash and cash equivalents</b>	<b>7,869,382</b>	<b>12,999,925</b>
Accounts and interest receivable, net	265,763	265,485
Prepaid expenses and other assets	135,040	118,099
Mission related loan receivable	56,890	65,462
Pledges and grants receivable, net	1,072,421	1,119,932
Investments	34,776,502	29,812,744
Right-of-use asset	1,377,389	1,537,714
Property and equipment, net	364,671	169,390
<b>Total assets</b>	<b>\$ 45,918,058</b>	<b>\$ 46,088,751</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 678,526	\$ 1,033,706
Accrued compensation	304,505	297,114
Right-of-use liability	1,018,790	990,193
Pooled income deferred revenue	27,722	32,429
Donor advance - promissory notes	125,000	125,000
Gift annuities and trust agreements	350,877	417,492
<b>Total liabilities</b>	<b>2,505,420</b>	<b>2,895,934</b>
Net assets:		
Without donor restrictions	30,483,324	30,666,767
With donor restrictions	12,929,314	12,526,050
<b>Total net assets</b>	<b>43,412,638</b>	<b>43,192,817</b>
<b>Total liabilities and net assets</b>	<b>\$ 45,918,058</b>	<b>\$ 46,088,751</b>

*See the accompanying Notes to Financial Statements.*

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Statement of Activities

*Year Ended June 30, 2024  
(with comparative totals for 2023)*

	2024			2023
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Total</i>
<b>Operating support and revenue</b>				
Public support:				
Contributions	\$ 5,716,318	\$ 1,037,574	\$ 6,753,892	\$ 5,862,703
Matching grant	-	850,000	850,000	850,000
Foundations	275,066	774,692	1,049,758	177,054
	<b>5,991,384</b>	<b>2,662,266</b>	<b>8,653,650</b>	<b>6,889,757</b>
Revenue:				
Lease income and other	390,785	-	390,785	334,601
	<b>390,785</b>	-	<b>390,785</b>	<b>334,601</b>
Appropriations:				
Bequests appropriated	1,250,000	-	1,250,000	514,645
Special appropriation from bequests	-	-	-	365,000
Special appropriation from board designated funds	1,100,000	-	1,100,000	-
Investment return appropriated	1,017,331	-	1,017,331	850,400
	<b>3,367,331</b>	-	<b>3,367,331</b>	<b>1,730,045</b>
<b>Total operating support and revenue</b>	<b>9,749,500</b>	<b>2,662,266</b>	<b>12,411,766</b>	<b>8,954,403</b>
<b>Net assets released from restrictions</b>				
Satisfaction of program restrictions	2,678,258	(2,678,258)	-	-
	<b>2,678,258</b>	<b>(2,678,258)</b>	-	-
<b>Total operating support and revenue and net assets released from restrictions</b>	<b>12,427,758</b>	<b>(15,992)</b>	<b>12,411,766</b>	<b>8,954,403</b>
<b>Expenses</b>				
Program services	10,321,504	-	10,321,504	10,186,842
Fundraising	816,044	-	816,044	879,353
Management	1,286,057	-	1,286,057	1,163,055
	<b>12,423,605</b>	-	<b>12,423,605</b>	<b>12,229,250</b>
<b>Income (loss) from operations</b>	<b>4,153</b>	<b>(15,992)</b>	<b>(11,839)</b>	<b>(3,274,847)</b>
<b>Non-operating activity</b>				
Bequests in excess of amount appropriated	(189,005)	-	(189,005)	2,672,407
Special appropriation from board designated funds	(1,100,000)	-	(1,100,000)	-
Special initiative campaign support	-	-	-	660,127
Investment return net of amounts appropriated and investment fees	998,462	454,902	1,453,364	1,467,982
Property held for sale - net realized gain and tax refund on building sale	96,425	-	96,425	8,787,823
Change in value of split-interest gifts and transfer upon demise	6,522	(35,646)	(29,124)	(4,181)
	<b>(187,596)</b>	<b>419,256</b>	<b>231,660</b>	<b>13,584,158</b>
<b>Change in net assets</b>	<b>(183,443)</b>	<b>403,264</b>	<b>219,821</b>	<b>10,309,311</b>
Net assets, beginning of year	30,666,767	12,526,050	43,192,817	32,883,506
<b>Net assets, end of year</b>	<b>\$ 30,483,324</b>	<b>\$ 12,929,314</b>	<b>\$ 43,412,638</b>	<b>\$ 43,192,817</b>

See the accompanying Notes to Financial Statements.

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating support and revenue</b>			
Public support:			
Contributions	\$ 5,613,535	\$ 249,168	\$ 5,862,703
Matching grant	-	850,000	850,000
Foundations	99,414	77,640	177,054
	<u>5,712,949</u>	<u>1,176,808</u>	<u>6,889,757</u>
Revenue:			
Lease income and other	334,601	-	334,601
	<u>334,601</u>	<u>-</u>	<u>334,601</u>
Appropriations:			
Bequests appropriated	514,645	-	514,645
Special appropriation from bequests	365,000	-	365,000
Investment return appropriated	850,400	-	850,400
	<u>1,730,045</u>	<u>-</u>	<u>1,730,045</u>
<b>Total operating support and revenue</b>	<u>7,777,595</u>	<u>1,176,808</u>	<u>8,954,403</u>
<b>Net assets released from restrictions</b>			
Satisfaction of program restrictions	4,387,261	(4,387,261)	-
	<u>4,387,261</u>	<u>(4,387,261)</u>	<u>-</u>
<b>Total operating support and revenue and net assets released from restrictions</b>	<u>12,164,856</u>	<u>(3,210,453)</u>	<u>8,954,403</u>
<b>Expenses</b>			
Program services	10,186,842	-	10,186,842
Fundraising	879,353	-	879,353
Management	1,163,055	-	1,163,055
	<u>12,229,250</u>	<u>-</u>	<u>12,229,250</u>
<b>Loss from operations</b>	<u>(64,394)</u>	<u>(3,210,453)</u>	<u>(3,274,847)</u>
<b>Non-operating activity</b>			
Bequests in excess of amount appropriated	2,672,407	-	2,672,407
Special initiatives campaign support	-	660,127	660,127
Investment return net of amounts appropriated and investment fees	811,794	656,188	1,467,982
Property held for sale - net realized gain on sale of building	8,787,823	-	8,787,823
Change in value of split-interest gifts and transfer upon demise	(20,770)	16,589	(4,181)
	<u>12,251,254</u>	<u>1,332,904</u>	<u>13,584,158</u>
<b>Change in net assets</b>	<u>12,186,860</u>	<u>(1,877,549)</u>	<u>10,309,311</u>
Net assets, beginning of year	18,479,907	14,403,599	32,883,506
<b>Net assets, end of year</b>	<u>\$ 30,666,767</u>	<u>\$ 12,526,050</u>	<u>\$ 43,192,817</u>

See the accompanying Notes to Financial Statements.

**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**

**Statement of Functional Expenses**

**Year Ended June 30, 2024  
(with comparative totals for 2023)**

	<b>Program Services</b>				<b>Supporting Services</b>		<b>2024 Total</b>	<b>2023 Total</b>	
	<b>Climate Justice/ Environmental Justice</b>	<b>Migrant Justice</b>	<b>Crisis Response</b>	<b>College of Social Justice</b>	<b>Total</b>	<b>Fundraising</b>	<b>Management</b>		
Salaries and fringe	\$ 1,879,921	\$ 1,365,575	\$ 1,638,648	\$ 556,476	\$ 5,440,620	\$ 317,220	\$ 1,041,028	\$ 6,798,868	\$ 6,038,010
Program grants	596,559	365,557	841,153	5,355	1,808,624	-	-	1,808,624	2,152,543
Designated/emergency relief grants	65,000	115,000	245,750	-	425,750	-	-	425,750	751,033
Professional fees	376,378	273,401	328,073	71,598	1,049,450	173,831	108,226	1,331,507	1,470,285
Printing and publication	117,719	85,511	102,610	2,869	308,709	53,746	1,378	363,833	280,323
Travel	242,836	176,396	211,670	19,655	650,557	100,965	7,692	759,214	610,789
Depreciation and amortization	4,429	3,217	3,860	3,545	15,051	2,877	4,795	22,723	31,601
Postage and delivery	90,265	65,568	78,680	-	234,513	40,156	-	274,669	278,216
Occupancy	13,453	9,772	11,726	8,636	43,587	8,713	14,522	66,822	72,665
Supplies	4,942	3,590	4,308	4,695	17,535	4,818	3,871	26,224	34,963
Communication	12,964	9,417	11,300	9,183	42,864	7,452	12,420	62,736	57,557
Staff development	5,234	3,802	4,562	1,039	14,637	6,217	20,740	41,594	54,331
Rent	38,171	27,727	33,272	29,472	128,642	24,500	42,199	195,341	227,873
Insurance	14,327	10,407	12,490	11,247	48,471	9,143	15,239	72,853	68,868
Lock box and bank fees	5,835	4,238	6,338	6	16,417	65,553	2,859	84,829	65,893
Credit loss recovery	-	-	-	-	-	-	-	-	(14,168)
Miscellaneous	27,265	19,804	23,765	5,243	76,077	853	11,088	88,018	48,468
	<b>\$ 3,495,298</b>	<b>\$ 2,538,982</b>	<b>\$ 3,558,205</b>	<b>\$ 729,019</b>	<b>\$ 10,321,504</b>	<b>\$ 816,044</b>	<b>\$ 1,286,057</b>	<b>\$ 12,423,605</b>	<b>\$ 12,229,250</b>

See the accompanying Notes to Financial Statements.



**UNITARIAN UNIVERSALIST SERVICE COMMITTEE**

**Statement of Functional Expenses**

**Year Ended June 30, 2023**

	<u>Program Services</u>				<u>Supporting Services</u>		<u>Total</u>	
	<u>Climate Justice/ Environmental Justice</u>	<u>Migrant Justice</u>	<u>Crisis Response</u>	<u>College of Social Justice</u>	<u>Total</u>	<u>Fundraising</u>		<u>Management</u>
Salaries and fringe	\$ 1,707,033	\$ 1,466,837	\$ 1,167,777	\$ 513,640	\$ 4,855,287	\$ 299,682	\$ 883,041	\$ 6,038,010
Program grants	821,666	572,795	758,082	-	2,152,543	-	-	2,152,543
Designated/emergency relief grants	77,675	200,000	473,358	-	751,033	-	-	751,033
Professional fees	370,151	317,140	251,629	62,909	1,001,829	332,907	135,549	1,470,285
Printing and publication	94,126	80,882	64,392	2,741	242,141	38,003	179	280,323
Travel	212,222	182,360	145,181	27,347	567,110	32,726	10,953	610,789
Depreciation and amortization	6,452	5,544	4,414	4,250	20,660	4,103	6,838	31,601
Postage and delivery	92,333	79,341	63,165	487	235,326	41,493	1,397	278,216
Occupancy	16,786	14,424	11,484	1,508	44,202	10,674	17,789	72,665
Supplies	8,209	7,054	5,616	4,982	25,861	4,050	5,052	34,963
Communication	11,846	10,179	8,105	7,683	37,813	7,384	12,360	57,557
Staff development	10,921	9,384	7,471	85	27,861	5,942	20,528	54,331
Rent	43,745	38,123	32,334	30,479	144,681	39,785	43,407	227,873
Insurance	14,130	12,142	9,666	9,242	45,180	8,883	14,805	68,868
Lock box and bank fees	4,455	3,829	3,048	91	11,423	52,270	2,200	65,893
Credit loss recovery	-	-	-	-	-	(14,168)	-	(14,168)
Miscellaneous	9,276	7,970	6,345	301	23,892	15,619	8,957	48,468
	<u>\$ 3,501,026</u>	<u>\$ 3,008,004</u>	<u>\$ 3,012,067</u>	<u>\$ 665,745</u>	<u>\$ 10,186,842</u>	<u>\$ 879,353</u>	<u>\$ 1,163,055</u>	<u>\$ 12,229,250</u>

See the accompanying Notes to Financial Statements.

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Statements of Cash Flows

	<b>Years Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ 219,821	\$ 10,309,311
Adjustments to reconcile the change in net assets to net cash used in operating activities:		
Interest and dividends, reinvested	(487,296)	(368,599)
Depreciation and amortization	22,723	31,601
Credit loss recovery	-	(14,168)
Realized and unrealized gains on investments	(2,137,127)	(2,069,923)
Net contributions to endowments	(7,175)	(9,918)
Non-cash operating lease obligation	28,597	1,701,165
Net gain on sale of building	-	(8,787,823)
Changes in:		
Accounts and interest receivable	(278)	(188,931)
Mission related loan receivable	8,572	-
Prepaid expenses and other assets	(16,941)	295,083
Pledges and grants receivable, net	47,511	(111,415)
Accounts payable and accrued expenses	(355,180)	(387,847)
Accrued compensation	7,391	39,898
Right-of-use asset	160,325	(1,537,714)
Payments on operating lease liability	-	(710,971)
Pooled income deferred revenue	(4,707)	(16,589)
Gift annuities and trust agreement obligations	(66,615)	(50,481)
Total adjustments	(2,800,200)	(12,186,632)
<b>Net cash used in operating activities</b>	<b>(2,580,379)</b>	<b>(1,877,321)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(218,004)	(23,228)
Purchase of investments	(2,542,251)	(8,014,392)
Net proceeds from sale of building	-	14,065,052
Proceeds from the sale of investments	202,916	122,736
<b>Net cash provided by (used in) investing activities</b>	<b>(2,557,339)</b>	<b>6,150,168</b>
<b>Cash flows from financing activities:</b>		
Net contributions to endowments	7,175	9,918
<b>Net cash provided by financing activities</b>	<b>7,175</b>	<b>9,918</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,130,543)</b>	<b>4,282,765</b>
Cash and cash equivalents, beginning of year	12,999,925	8,717,160
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,869,382</b>	<b>\$ 12,999,925</b>
<b>Supplemental disclosure:</b>		
Property and equipment purchase included in accounts payable	\$ -	\$ 108,000

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 and related debt, 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, gains and refunds on property held for sale and change in value of split-interest gifts and transfer upon demise. 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***

Cash and cash equivalents represent highly liquid debt instruments, bank deposits and other such accounts with original maturities of three months or less. Such accounts are carried at cost plus earned interest. 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, 2024 and 2023, UUSC has \$2,220,078 and \$2,195,734, respectively, in cash and cash equivalents with donor restrictions.

#### ***Mission Related Loan Receivable***

UUSC has a loan receivable from a program partner in Guatemala that was accruing interest at 6% annually. The loan is secured by the partner's administrative building with repayment over a 10 year period. The loan was scheduled to be paid off in May 2024. Effective July 1, 2023, UUSC and the program partner amended the terms to reduce the interest rate to 0% and extend the payment period by seven years with final payment due during June 2030.

#### ***Pledges and Grants Receivable***

Pledges receivable represent contributions verifiably committed by donors that are scheduled for payment in the future. They are initially recorded at fair value using Level 2 inputs as described in fair value measurement policies later in this section. An allowance is provided for uncollectable amounts based upon management's estimates including factors such as historical experience, specific review of circumstances relative to major pledges and other factors.

#### ***Investments***

Investments are carried at fair market value consistent with the fair value policies described elsewhere in these policies. UUSC's policy is to record investment purchases as of the purchase date. 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.

#### ***Leases***

UUSC leases office space under operating lease arrangements through September 2027, with an option to extend through September 2032, which UUSC plans to exercise, for which expense is recognized on a straight-line basis over the lease term.

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## *Notes to Financial Statements*

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

#### ***Leases (Continued)***

Right-of-use (ROU) assets represent UUSC's right to use an underlying asset for the lease term and lease liabilities represent UUSC's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As UUSC's leases do not provide an implicit rate, UUSC uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

UUSC has included in its computations of its ROU assets and related obligations operating costs included in the base rent agreement of its office space as a single component as permitted under lease accounting standards. These costs are adjusted periodically based on actual period costs and are charged to lease expense as incurred. Lease expense was approximately \$188,921 and \$238,604 for the years ended June 30, 2024 and 2023, respectively. We note that as included in the consideration received as part of the building sale discussed in Note 5, UUSC received prepaid rent through September 30, 2027 with a cash value of \$736,442 at the time of adoption.

#### ***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 ten years.

#### ***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 4, 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.

#### ***Fair Value Measurements***

UUSC reports required types of financial instruments in accordance with the fair value standards of accounting. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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. The fair value standards also provide for a practical expedient of fair value allowing for the use of net asset value per share ("NAV") when certain requirements are met. Items reported at fair value on a recurring basis include investments. Non-recurring fair values include items such as the initial recording of pledges.

The fair value standards require that for each item carried at fair value that such be disclosed in accordance with the valuation methods used which fall into three categories (except those items valued at NAV) as follows:

- Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that UUSC has the ability to access at measurement date.
- Level 2 – inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable.
- Level 3 – inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market and significant professional judgment is required in determining the fair value assigned to such assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of input that is significant to the fair value measurement in its entirety.

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## *Notes to Financial Statements*

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

#### ***Fair Value Measurements (Continued)***

It is possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements. 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 observable inputs 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 statements, see Note 4 - Investments and Fair Value Measurements.

#### ***Revenue Recognition***

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment returns are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Under accounting standards, revenue may be earned under exchange transactions or contribution transactions, which include grants as well as various types of contributed support. Exchange transactions are measured via a principles based process that requires the entities: 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied. Contributed support follows different standards. A summary of each of the revenue and support flows are as follows:

#### ***Contributed Support***

Contributions, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purposes 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 without donor restriction contributions.

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## *Notes to Financial Statements*

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

#### ***Revenue Recognition (Continued)***

##### ***Contributed Support (Continued)***

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.

Matching grant and foundation contributions are recognized as revenues in the period verifiably committed by the donor. If the support is designated for a future period, the revenue recognition occurs with donor restrictions until met by the passage of time.

##### ***Earned Income***

Lease income consists of payment collected from a wind farm. Revenue is recorded associated with the period to which the payment relates. Payments received in advance are deferred until earned.

Investment returns are reported as revenue based on the fair value of such investments at year end. Such returns are allocated ratably based on the relative proportion of funds invested with donor restrictions and those without donor restrictions. Investment returns allocated to net assets with donor restrictions remain in such category until appropriated by the board under the board approved spending policy unless otherwise required by the terms of the gift that they be added to the principal of the endowment.

##### ***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.

##### ***Income Tax Status***

UUSC is recognized by the Internal Revenue Service as a not-for-profit 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.



# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## *Notes to Financial Statements*

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

#### ***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.

#### ***Subsequent Events***

UUSC has evaluated subsequent events through October 12, 2024, 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, 2024 and 2023, 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:

	<b>2024</b>	<b>2023</b>
Cash and equivalents (without restrictions)	\$ 5,649,304	\$ 10,804,191
Accounts and interest receivable, net	265,763	265,485
Pledges/grants receivable, net (due within one year)	1,072,421	1,119,130
Appropriation of donor-restricted endowments for use over the next 12 months	1,180,992	1,017,331
Appropriation of bequest for use over the next 12 months	<u>2,484,886</u>	<u>1,250,000</u>
	<b><u>\$ 10,653,366</u></b>	<b><u>\$ 14,456,137</u></b>

### **Note 3 - 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:

	<b>2024</b>	<b>2023</b>
<b>Pledges receivable</b>		
Due within one year	\$ 26,378	\$ 69,130
Due in one to five years	<u>-</u>	<u>15,000</u>
	26,378	84,130
Less: present value discount (3.00%)	-	1,579
Less: allowance for uncollectible pledges	<u>3,957</u>	<u>12,619</u>
<b>Pledges receivable, net</b>	22,421	69,932
<b>Grants receivable (due within one year)</b>	<u>1,050,000</u>	<u>1,050,000</u>
<b>Total pledges and grants receivable, net</b>	<b><u>\$ 1,072,421</u></b>	<b><u>\$ 1,119,932</u></b>

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Notes to Financial Statements

### Note 4 - 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:

	<b>2024</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
<b>Investments:</b>					
Money market instruments	\$ 261,514	\$ -	\$ -	\$ -	\$ 261,514
Mutual fund - International	-	-	-	9,016,349	9,016,349
Government issued securities	-	6,090,364	-	-	6,090,364
Common stocks:					
Financials	1,921,884	-	-	-	1,921,884
Consumer products	2,494,015	-	-	-	2,494,015
Industrial products	2,418,338	-	-	-	2,418,338
Technology	5,599,214	-	-	-	5,599,214
Healthcare	2,046,908	-	-	-	2,046,908
Energy	234,113	-	-	-	234,113
International securities	725,713	-	-	-	725,713
Corporate bonds	-	3,884,253	-	-	3,884,253
Assets related to pooled income funds and charitable trust funds	-	-	83,837	-	83,837
<b>Total fair value of financial instruments</b>	<b>\$ 15,701,699</b>	<b>\$ 9,974,617</b>	<b>\$ 83,837</b>	<b>\$ 9,016,349</b>	<b>\$ 34,776,502</b>
<b>2023</b>					
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
<b>Investments:</b>					
Money market instruments	\$ 948,742	\$ -	\$ -	\$ -	\$ 948,742
Mutual fund - International	-	-	-	7,481,009	7,481,009
Government issued securities	-	4,543,978	-	-	4,543,978
Common stocks:					
Financials	1,461,617	-	-	-	1,461,617
Consumer products	2,121,334	-	-	-	2,121,334
Industrial products	2,459,452	-	-	-	2,459,452
Technology	4,402,196	-	-	-	4,402,196
Healthcare	2,181,700	-	-	-	2,181,700
Energy	202,704	-	-	-	202,704
International securities	605,898	-	-	-	605,898
Corporate bonds	-	3,270,970	-	-	3,270,970
Assets related to pooled income funds and charitable trust funds	-	-	133,144	-	133,144
<b>Total fair value of financial instruments</b>	<b>\$ 14,383,643</b>	<b>\$ 7,814,948</b>	<b>\$ 133,144</b>	<b>\$ 7,481,009</b>	<b>\$ 29,812,744</b>

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Notes to Financial Statements

### Note 4 - Investments and Fair Value Measurements (Continued)

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.

At June 30, 2024, there were no unfunded commitments outstanding in relation to the NAV investments.

Management has no intentions or plans to liquidate any net asset value per share investments at other than net asset value per share.

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

	<b>2024</b>	<b>2023</b>
Investment income and gains appropriated	\$ 1,017,331	\$ 850,400
Investment income and gains, net of amounts appropriated and investment fees	<u>1,453,364</u>	<u>1,467,982</u>
<b>Total investment return</b>	<b><u>\$ 2,470,695</u></b>	<b><u>\$ 2,318,382</u></b>

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

	<b>2024</b>	<b>2023</b>
Interest and dividend income	\$ 487,296	\$ 368,599
Realized and unrealized gains on investments	2,137,127	2,069,923
Investment fees	<u>(153,728)</u>	<u>(120,140)</u>
<b>Total investment return</b>	<b><u>\$ 2,470,695</u></b>	<b><u>\$ 2,318,382</u></b>

Investments have the following redemption notice periods:

Daily	\$ 25,760,153
Monthly	<u>9,016,349</u>
<b>Total</b>	<b><u>\$ 34,776,502</u></b>

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Notes to Financial Statements

### Note 5 - Property and Equipment

#### Sale of Building and Leaseback

On July 5, 2022, UUSC received \$13,763,558 from the City of Cambridge in exchange for its headquarters building in a friendly taking by eminent domain in a deal valued at \$14,500,000. The payment was net of the \$736,442 that UUSC prepaid to lease back the third floor of the building from the City of Cambridge until September 30, 2027. UUSC has an option to extend the lease for an additional five years through September 30, 2032 at a rate of \$20,000 per month. As UUSC expects to opt into this extension, these amounts have been included in the right-of-use asset and liability presented on the statements of financial position. As a result of the transaction, in FY23, UUSC disposed of Property Held for Sale assets with a cost of \$8,034,494 and accumulated depreciation of \$2,825,479. In addition, certain equipment, not held for sale as of June 30, 2022, was deemed to be inseparable from the building. These were also disposed of at the time of the transaction, with a cost of \$116,328 and accumulated depreciation of \$48,113. In addition, UUSC incurred selling costs of \$434,948 during 2023. The sale of these assets resulted in a net gain of \$8,787,823. During 2024, UUSC received a refund of Unrelated Business Income Tax related to the sale of the property, in the amount of \$96,425.

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

	<b>2024</b>	<b>2023</b>
Land	\$ 1	\$ 1
Construction in progress - leasehold improvements	-	108,000
Leasehold improvements	152,112	-
Office and computer equipment	<u>1,159,404</u>	<u>985,511</u>
	1,311,517	1,093,512
Less: accumulated depreciation	<u>946,846</u>	<u>924,122</u>
<b>Total property and equipment, net</b>	<b><u>\$ 364,671</u></b>	<b><u>\$ 169,390</u></b>

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## *Notes to Financial Statements*

### **Note 6 - Donor Advance - Promissory Notes**

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 - Net Assets and Endowment Matters**

Net assets were composed of the following at June 30:

#### ***Without Donor Restrictions***

	<b>2024</b>	<b>2023</b>
Operating - undesignated	\$ 7,026,855	\$ 9,400,180
Board designated	22,733,199	20,549,676
Net investment in property and equipment	<u>723,270</u>	<u>716,911</u>
<b>Total net assets without donor restrictions</b>	<b><u>\$ 30,483,324</u></b>	<b><u>\$ 30,666,767</u></b>

#### ***With Donor Restrictions***

	<b>2024</b>	<b>2023</b>
Spendable funds with time and purpose restrictions:		
Special Initiative/Comprehensive campaign	\$ 205,860	\$ 205,860
HCA campaign	694,390	1,279,450
Time restrictions	1,947,137	1,001,553
Designated relief - emergency response	423,241	794,207
Pooled income	87,387	123,034
Programs	<u>21,872</u>	<u>34,596</u>
	<u>3,379,887</u>	<u>3,438,700</u>
Endowment fund:		
Accumulated appreciation on endowment	2,048,028	1,593,126
Endowment fund restricted in perpetuity	5,377,068	5,362,580
Special initiative campaign	1,837,044	1,837,044
Comprehensive campaign	250,000	250,000
Pooled income	<u>37,287</u>	<u>44,600</u>
	<u>9,549,427</u>	<u>9,087,350</u>
<b>Total net assets with donor restrictions</b>	<b><u>\$ 12,929,314</u></b>	<b><u>\$ 12,526,050</u></b>

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Notes to Financial Statements

### Note 7 - Net Assets and Endowment Matters (Continued)

#### **Special Initiative Campaign - Hope. Courage. Action: Putting Justice on the Move**

**Hope. Courage. Action: Putting Justice on the Move**, UUSC's special gifts campaign, established to raise funds in support of UUSC's programmatic work through the organization's eye-to-eye partnership model to help grow the activism and membership, was largely phased out during FY24. Donors will continue to have an opportunity to continue multiyear program support via special gifts that will enable UUSC to further its mission and impact.

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

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 9,549,427	\$ 9,549,427
Board-designated endowment funds	22,733,199	-	22,733,199
<b>Total funds</b>	<b>\$ 22,733,199</b>	<b>\$ 9,549,427</b>	<b>\$ 32,282,626</b>
	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 9,087,350	\$ 9,087,350
Board-designated endowment funds	20,549,676	-	20,549,676
<b>Total funds</b>	<b>\$ 20,549,676</b>	<b>\$ 9,087,350</b>	<b>\$ 29,637,026</b>

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Notes to Financial Statements

### Note 7 - 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:

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment assets and those functioning as endowment assets, beginning of year	\$ 20,549,676	\$ 9,087,350	\$ 29,637,026
Gifts and additions	3,603,246	7,175	3,610,421
Investment returns	1,697,368	773,327	2,470,695
Expenditures:			
Bequests appropriated for operations	(1,250,000)	-	(1,250,000)
Spending rate appropriated for operations	(698,906)	(318,425)	(1,017,331)
Special appropriation from board designated fund	(1,100,000)	-	(1,100,000)
Other expenditures	(68,185)	-	(68,185)
Total expenditures	(3,117,091)	(318,425)	(3,435,516)
Change in endowment assets and those functioning as endowment assets	2,183,523	462,077	2,645,600
<b>Endowment assets and those functioning as endowment assets, end of year</b>	<b>\$ 22,733,199</b>	<b>\$ 9,549,427</b>	<b>\$ 32,282,626</b>
	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment assets and those functioning as endowment assets, beginning of year	\$ 10,714,635	\$ 8,421,244	\$ 19,135,879
Gifts and additions	13,452,054	9,918	13,461,972
Investment returns	1,282,066	1,036,316	2,318,382
Expenditures:			
Bequests appropriated for operations	(514,645)	-	(514,645)
Spending rate appropriated for operations	(470,272)	(380,128)	(850,400)
Other expenditures	(3,914,162)	-	(3,914,162)
Total expenditures	(4,899,079)	(380,128)	(5,279,207)
Change in endowment assets and those functioning as endowment assets	9,835,041	666,106	10,501,147
<b>Endowment assets and those functioning as endowment assets, end of year</b>	<b>\$ 20,549,676</b>	<b>\$ 9,087,350</b>	<b>\$ 29,637,026</b>



# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## *Notes to Financial Statements*

### **Note 7 - 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, 2024:

#### **\$1,000,000 and over**

Bradburd Endowment for Youth and Young Adult Activists  
Bert & Val Harrop Family Fund  
Charles Mason Jr. Endowment

#### **\$500,000 - \$999,999**

50th Anniversary Program Endowment  
Doyle & Alba Bortner Endowment  
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  
Beverley Baxter Endowment  
Johanna Henn Endowment

#### **\$50,000 - \$99,999**

William Emerson 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 7 - 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 2024 and FY 2023. The Board of Trustees voted to cap the bequests appropriated at \$514,645 for FY 2023.

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 was no such deficiency at June 30, 2024 and 2023.

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Notes to Financial Statements

### Note 7 - 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 8 - 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:

	<b>2024</b>	<b>2023</b>
Program services	\$ 532,110	\$ 439,886
Fundraising	<u>93,902</u>	<u>77,627</u>
<b>Total allocation of joint costs</b>	<b><u>\$ 626,012</u></b>	<b><u>\$ 517,513</u></b>

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

	<b>2024</b>	<b>2023</b>
Printing and publications	\$ 354,137	\$ 245,467
Postage and delivery	<u>271,875</u>	<u>272,046</u>
<b>Total</b>	<b><u>\$ 626,012</u></b>	<b><u>\$ 517,513</u></b>

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## *Notes to Financial Statements*

### **Note 9 - Leases as a Lessor**

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.

2025	\$	39,361
2026		39,361
2027		39,361
2028		39,361
2029		39,361
Thereafter		728,185
	<b>\$</b>	<b>924,990</b>

### **Note 10 - Leases as a Lessee**

On July 5, 2023, UUSC sold the building at 689 Massachusetts Avenue. With that sale, UUSC prepaid \$736,442 for a 63 month lease period. The lease agreement includes an option to renew the lease for an additional 5 years through September, 2032. As of June 30, 2023, the UUSC management expected to opt into the lease extension and these amounts were included in the right-of-use asset and liability presented on the statement of financial position as of June 30, 2023.

Included in lease expense for the year ended June 30, 2024 is \$188,922 incurred on the operating lease.

UUSC does not have any financing leases and UUSC's operating lease has the following other information for the years ended June 30:

	<b>2024</b>	<b>2023</b>
Consideration paid for amounts included in the measurement of lease liabilities	\$ -	\$ 736,442
Weighted average remaining lease term	8.25 years	9.25 years
Weighted average discount rate	2.88%	2.88%

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## *Notes to Financial Statements*

### **Note 10 - Leases as a Lessee (Continued)**

Approximate annual minimum non-cancelable rental payments under operating leases for the years ending June 30 are as follows:

2025	\$	-
2026		-
2027		-
2028		180,000
2029		240,000
Thereafter		<u>820,000</u>
Total future minimum lease payments		1,240,000
Less imputed interest		<u>(221,210)</u>
<b>Total</b>	<b>\$</b>	<b><u><u>1,018,790</u></u></b>

### **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, 2024 and 2023.

#### ***Appropriation***

UUSC's Board of Trustees approved a combined appropriation of \$3,665,878 in support of operations for the year ending June 30, 2025, pursuant to the Investment and Bequest Spending Policy. In addition to this amount, special appropriations of \$1,100,000 and \$935,760 were approved in 2024 to support the fiscal 2025 Budget.

# UNITARIAN UNIVERSALIST SERVICE COMMITTEE

## Notes to Financial Statements

### Note 12 - Concentrations and Related Party Matters

Contribution and Matching Grant Revenue for the years ended June 30, 2024 and 2023 include \$1,000,000 and \$925,000, respectively, from one donor, the Unitarian Universalist Veatch Program at Shelter Rock ("Shelter Rock"). Based on experience, UUSC expects that the balance at June 30, 2024 from Shelter Rock will be collected in full. The following activity occurred relating to this relationship during the years ended June 30:

	<b>2024</b>	<b>2023</b>
Pledges and grants receivable beginning balance	\$ 1,050,000	\$ 850,000
New pledge commitments	1,000,000	925,000
Amounts paid	<u>(1,000,000)</u>	<u>(725,000)</u>
<b>Pledges and grants receivable ending balance</b>	<b><u>\$ 1,050,000</u></b>	<b><u>\$ 1,050,000</u></b>

Annual payment receipt levels from Shelter Rock may vary due to timing differences in the quarterly payment distribution dates.

A finance committee member is related to a firm who acted as an investment manager for UUSC during FY24 and FY23. As such, the committee member does not vote on matters relating to investment managers.

### 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 \$446,674 and \$359,812 for the years ended June 30, 2024 and 2023, 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 last agreement took effect in July 2018 and remained in force through June 2023, when bargaining unit members voted to extend the agreement for an additional year through June 2024. A new agreement was negotiated and approved, effective July 2024.