

UNITED RELIGIONS
(A California Not-for-Profit Corporation)
dba UNITED RELIGIONS INITIATIVE
And Its Affiliate

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND DECEMBER 31, 2018



UNITED RELIGIONS
dba UNITED RELIGIONS INITIATIVE
And Its Affiliate

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Independent Auditors' Report

Global Council of
United Religions (dba United Religions Initiative)

We have audited the accompanying combined financial statements of United Religions (dba United Religions Initiative) (a California not-for-profit organization) and Its Affiliate, which comprise the combined statements of financial position as of December 31, 2019 and December 31, 2018, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

United Religions' management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We conducted our audit 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of United Religions and Its Affiliate as of December 31, 2019 and December 31, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of financial position as of December 31, 2019 and the combining statement of activities for the year ended December 31, 2019 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

RINA Accountancy LLP

Certified Public Accountants

San Francisco, California
January 15, 2021

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF FINANCIAL POSITION

| <u>ASSETS</u> | <u>December 31, 2019</u> | <u>December 31, 2018</u> |
|---|--------------------------|--------------------------|
| CURRENT: | | |
| Cash and cash equivalents | \$ 939,571 | \$ 933,880 |
| Investments | 4,378 | 4,481 |
| Current portion of pledges receivable | 1,341,408 | 1,131,103 |
| Other receivables | 1,574 | 11,528 |
| Prepaid expenses and other assets | 47,824 | 51,845 |
| | <hr/> | <hr/> |
| TOTAL CURRENT ASSETS | 2,334,755 | 2,132,837 |
| OTHER: | | |
| Investments restricted for long-term purposes | 13,408,780 | 12,471,428 |
| Pledges receivable | 1,240,613 | 2,330,458 |
| Equipment and improvements, net | 639 | 16,961 |
| Intangible assets, net | 167,066 | 120,865 |
| Deposits | 17,094 | 17,094 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 17,168,947</u> | <u>\$ 17,089,643</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | \$ 102,467 | \$ 34,915 |
| Accrued vacation | 62,187 | 75,892 |
| Deferred revenue | 1,911 | 5,000 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES (ALL CURRENT) | 166,565 | 115,807 |
| NET ASSETS: | | |
| Without donor restrictions | 11,433,201 | 10,602,453 |
| With donor restrictions | 5,569,181 | 6,371,383 |
| | <hr/> | <hr/> |
| TOTAL NET ASSETS | 17,002,382 | 16,973,836 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 17,168,947</u> | <u>\$ 17,089,643</u> |

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|----------------------|
| SUPPORT AND OPERATING REVENUE: | | | |
| SUPPORT: | | | |
| Grants and contributions | \$ 599,268 | \$ 559,901 | \$ 1,159,169 |
| In-kind contributions | 4,178 | - | 4,178 |
| Fundraising event, net | 189,535 | - | 189,535 |
| Net assets released from restrictions | 1,801,631 | (1,801,631) | - |
| | <u>2,594,612</u> | <u>(1,241,730)</u> | <u>1,352,882</u> |
| REVENUE: | | | |
| Investment return - net of expenses | 1,790,653 | 439,528 | 2,230,181 |
| Other income | 35,315 | - | 35,315 |
| | <u>1,825,968</u> | <u>439,528</u> | <u>2,265,496</u> |
| TOTAL REVENUE | <u>1,825,968</u> | <u>439,528</u> | <u>2,265,496</u> |
| TOTAL SUPPORT AND OPERATING REVENUE | <u>4,420,580</u> | <u>(802,202)</u> | <u>3,618,378</u> |
| OPERATING EXPENSES: | | | |
| Program expenses: | | | |
| Global Community Development | 1,743,497 | - | 1,743,497 |
| Global Council | 123,910 | - | 123,910 |
| Communications | 323,469 | - | 323,469 |
| Education and Outreach | 612,058 | - | 612,058 |
| Environment | 26,257 | - | 26,257 |
| Peace Building | 5,850 | - | 5,850 |
| | <u>2,835,041</u> | <u>-</u> | <u>2,835,041</u> |
| Supporting services: | | | |
| Management and general | 262,227 | - | 262,227 |
| Foundation | 30,719 | - | 30,719 |
| Fundraising | 461,845 | - | 461,845 |
| | <u>754,791</u> | <u>-</u> | <u>754,791</u> |
| TOTAL OPERATING EXPENSES | <u>3,589,832</u> | <u>-</u> | <u>3,589,832</u> |
| CHANGE IN NET ASSETS | 830,748 | (802,202) | 28,546 |
| NET ASSETS, beginning of year | <u>10,602,453</u> | <u>6,371,383</u> | <u>16,973,836</u> |
| NET ASSETS, end of year | <u>\$ 11,433,201</u> | <u>\$ 5,569,181</u> | <u>\$ 17,002,382</u> |

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

| | Without Donor Restriction | With Donor Restrictions | Total |
|---------------------------------------|------------------------------|----------------------------|---------------|
| SUPPORT AND OPERATING REVENUE: | | | |
| SUPPORT: | | | |
| Grants and contributions | \$ 519,215 | \$ 1,742,635 | \$ 2,261,850 |
| In-kind contributions | 44,417 | - | 44,417 |
| Fundraising event, net | 177,470 | - | 177,470 |
| Net assets released from restrictions | 1,635,351 | (1,635,351) | - |
| | 2,376,453 | 107,284 | 2,483,737 |
| REVENUE: | | | |
| Investment return - net of expenses | (583,042) | (129,675) | (712,717) |
| Other income | 2,467 | - | 2,467 |
| | (580,575) | (129,675) | (710,250) |
| TOTAL SUPPORT AND OPERATING REVENUE | 1,795,878 | (22,391) | 1,773,487 |
| OPERATING EXPENSES: | | | |
| Program expenses: | | | |
| Global Community Development | 1,824,777 | - | 1,824,777 |
| Global Council | 136,644 | - | 136,644 |
| Communications | 331,715 | - | 331,715 |
| Education and Outreach | 127,934 | - | 127,934 |
| Environment | 56,131 | - | 56,131 |
| Peace Building | 10,382 | - | 10,382 |
| | 2,487,583 | - | 2,487,583 |
| Supporting services: | | | |
| Management and general | 284,510 | - | 284,510 |
| Fundraising | 561,676 | - | 561,676 |
| | 846,186 | - | 846,186 |
| TOTAL OPERATING EXPENSES | 3,333,769 | - | 3,333,769 |
| CHANGE IN NET ASSETS | (1,537,891) | (22,391) | (1,560,282) |
| NET ASSETS, beginning of year | 12,140,344 | 6,393,774 | 18,534,118 |
| NET ASSETS, end of year | \$ 10,602,453 | \$ 6,371,383 | \$ 16,973,836 |

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

| | Program Services | | | | | | Supportive Services | | | | |
|----------------------------------|------------------------------------|-------------------|-------------------|-------------------------|------------------|-----------------|------------------------------|-------------------------|------------------|-------------------|---------------------|
| | Global Community Development | Global Council | Communications | Education & Outreach | Environment | Peace Building | Total Program Services | Management & General | Foundation | Fundraising | Total |
| Personnel: | | | | | | | | | | | |
| Salaries | \$ 615,234 | \$ 55,913 | \$ 150,641 | \$ 132,718 | \$ 4,575 | \$ 4,274 | \$ 963,355 | \$ 67,088 | \$ 25,000 | \$ 310,814 | \$ 1,366,257 |
| Severance | 9,000 | - | - | - | - | - | 9,000 | - | - | 5,035 | 14,035 |
| Third party sick leave | - | - | 380 | - | - | - | 380 | - | - | - | 380 |
| Payroll taxes | 33,023 | 3,736 | 9,993 | 8,987 | 310 | 273 | 56,322 | 7,273 | - | 21,281 | 84,876 |
| Employee benefits | 121,279 | 14,034 | 36,015 | 14,338 | 737 | 1,243 | 187,646 | 23,351 | - | 66,173 | 277,170 |
| Total personnel | 778,536 | 73,683 | 197,029 | 156,043 | 5,622 | 5,790 | 1,216,703 | 97,712 | 25,000 | 403,303 | 1,742,718 |
| Grants | 699,044 | - | - | - | - | - | 699,044 | - | - | - | 699,044 |
| Global Conference | - | - | - | 226,404 | - | - | 226,404 | - | - | - | 226,404 |
| Occupancy | 95,401 | 22,896 | 15,264 | 13,356 | 9,540 | - | 156,457 | 15,264 | - | 19,080 | 190,801 |
| Events/Programs/COL | - | - | - | 184,958 | - | - | 184,958 | - | - | - | 184,958 |
| Depreciation | - | - | - | - | - | - | - | 99,691 | - | - | 99,691 |
| Professional services | 14,337 | 4,329 | 59,344 | 1,981 | 1,415 | - | 81,406 | 1,330 | - | 7,268 | 90,004 |
| Other professional services | 63,678 | 1,008 | - | - | - | - | 64,686 | 2,867 | - | - | 67,553 |
| Miscellaneous | 229 | 3,968 | 11,904 | 22,485 | 1,323 | - | 39,909 | 8,023 | 719 | 9,258 | 57,909 |
| Travel - General | 31,673 | 5,995 | - | - | 3,726 | - | 41,394 | - | - | 554 | 41,948 |
| Accounting fees | 14,000 | 3,360 | 2,240 | 1,960 | 1,400 | - | 22,960 | 2,240 | 5,000 | 2,800 | 33,000 |
| Printing and copying | 1,949 | 354 | 17,495 | 128 | 92 | - | 20,018 | 1,324 | - | 228 | 21,570 |
| Insurance | 7,064 | 790 | 2,213 | 1,929 | 67 | 60 | 12,123 | 1,248 | - | 4,873 | 18,244 |
| Meetings and Workshops, Training | 5,923 | 1,321 | 8,209 | - | - | - | 15,453 | 1,617 | - | 1,128 | 18,198 |
| Payroll fees | 8,604 | 2,065 | 1,376 | 1,204 | 860 | - | 14,109 | 1,377 | - | 1,651 | 17,137 |
| Equipment rental and maintenance | 7,846 | 1,883 | 1,255 | 1,098 | 785 | - | 12,867 | 1,283 | - | 1,569 | 15,719 |
| Bank fees | - | - | - | - | - | - | - | 14,818 | - | - | 14,818 |
| Travel - Program | 9,329 | - | - | - | 1,061 | - | 10,390 | - | - | - | 10,390 |
| Postage and shipping | 2,244 | 406 | 261 | 228 | 163 | - | 3,302 | 1,333 | - | 5,642 | 10,277 |
| Internet/Web | 1,069 | 257 | 3,847 | 150 | 107 | - | 5,430 | 280 | - | 2,630 | 8,340 |
| Supplies | 138 | 1,365 | 1,049 | - | - | - | 2,552 | 4,953 | - | 824 | 8,329 |
| Legal fees | - | - | - | - | - | - | - | 5,111 | - | - | 5,111 |
| Telephone | 2,433 | 230 | 154 | 134 | 96 | - | 3,047 | 153 | - | 192 | 3,392 |
| Software purchase & maintenance | - | - | 1,829 | - | - | - | 1,829 | - | - | - | 1,829 |
| Taxes, licenses and fees | - | - | - | - | - | - | - | 1,378 | - | 125 | 1,503 |
| Dues and subscriptions | - | - | - | - | - | - | - | 225 | - | 720 | 945 |
| Total other expenses | 964,961 | 50,227 | 126,440 | 456,015 | 20,635 | 60 | 1,618,338 | 164,515 | 5,719 | 58,542 | 1,847,114 |
| Total functional expenses | \$ 1,743,497 | \$ 123,910 | \$ 323,469 | \$ 612,058 | \$ 26,257 | \$ 5,850 | \$ 2,835,041 | \$ 262,227 | \$ 30,719 | \$ 461,845 | \$ 3,589,832 |

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

| | Program Services | | | | | | Supportive Services | | | |
|----------------------------------|--------------------------|-------------------|-------------------|-------------------|------------------|------------------|---------------------|-------------------|-------------------|---------------------|
| | Global | Global | | Education & | | | Total Program | Management & | | |
| | Community Development | Council | Communications | Outreach | Environment | Peace Building | Services | General | Fundraising | Total |
| Personnel: | | | | | | | | | | |
| Salaries | \$ 601,729 | \$ 42,347 | \$ 156,247 | \$ 89,867 | \$ 31,388 | \$ 3,247 | \$ 924,825 | \$ 84,789 | \$ 368,805 | \$ 1,378,419 |
| Severance | - | - | 1,782 | - | - | - | 1,782 | - | - | 1,782 |
| Payroll taxes | 39,168 | 2,819 | 10,731 | 6,041 | 2,312 | 213 | 61,284 | 5,794 | 25,109 | 92,187 |
| Employee benefits | 144,336 | 10,889 | 33,119 | 9,853 | 6,515 | 926 | 205,638 | 24,670 | 80,339 | 310,647 |
| Total personnel | 785,233 | 56,055 | 201,879 | 105,761 | 40,215 | 4,386 | 1,193,529 | 115,253 | 474,253 | 1,783,035 |
| Grants | 746,747 | - | - | - | - | - | 746,747 | - | - | 746,747 |
| Occupancy | 98,213 | 23,571 | 15,714 | 13,750 | 9,821 | - | 161,069 | 15,714 | 19,642 | 196,425 |
| Depreciation | - | - | - | - | - | - | - | 108,781 | - | 108,781 |
| Professional services | 8,504 | 1,933 | 63,293 | 1,284 | 648 | - | 75,662 | 1,289 | 12,030 | 88,981 |
| Other professional services | 54,658 | 300 | 5,966 | - | - | - | 60,924 | 260 | 5,936 | 67,120 |
| Miscellaneous | 22,205 | 1,676 | 4,190 | 1,676 | 838 | - | 30,585 | 3,352 | 7,959 | 41,896 |
| Travel - General | 23,818 | 5,899 | - | - | - | 5,790 | 35,507 | 469 | 5,532 | 41,508 |
| Global Conference | - | 38,565 | - | - | - | - | 38,565 | - | - | 38,565 |
| Travel - Program | 30,947 | - | - | - | - | - | 30,947 | - | - | 30,947 |
| Meetings and Workshops, Training | 13,269 | 75 | 104 | - | 1,046 | - | 14,494 | 1,171 | 13,180 | 28,845 |
| Accounting fees | 11,250 | 2,700 | 1,800 | 1,575 | 1,125 | - | 18,450 | 6,300 | 2,250 | 27,000 |
| Printing and copying | 1,892 | 283 | 21,388 | 164 | 116 | - | 23,843 | 190 | 1,026 | 25,059 |
| Equipment rental and maintenance | 9,305 | 2,233 | 1,489 | 1,303 | 931 | - | 15,261 | 1,605 | 1,861 | 18,727 |
| Payroll fees | 7,513 | 1,800 | 1,200 | 1,050 | 750 | - | 12,313 | 1,179 | 1,500 | 14,992 |
| Legal fees | - | - | - | - | - | - | - | 14,528 | - | 14,528 |
| Insurance | 5,489 | 389 | 1,491 | 890 | 298 | 31 | 8,588 | 259 | 3,516 | 12,363 |
| Bank fees | - | - | - | - | - | - | - | 11,201 | - | 11,201 |
| Internet/Web | 989 | 237 | 5,977 | 139 | 99 | - | 7,441 | 257 | 2,614 | 10,312 |
| Postage and shipping | 1,307 | 578 | 2,011 | 141 | 100 | 175 | 4,312 | 857 | 3,282 | 8,451 |
| Supplies | 365 | 19 | 3,609 | 8 | 6 | - | 4,007 | 212 | 2,168 | 6,387 |
| Telephone | 3,073 | 331 | 221 | 193 | 138 | - | 3,956 | 282 | 276 | 4,514 |
| Events/Programs/COL | - | - | - | - | - | - | - | - | 3,500 | 3,500 |
| Dues and subscriptions | - | - | 1,383 | - | - | - | 1,383 | 225 | 506 | 2,114 |
| Taxes, licenses and fees | - | - | - | - | - | - | - | 1,126 | 225 | 1,351 |
| Software purchase & maintenance | - | - | - | - | - | - | - | - | 420 | 420 |
| Total other expenses | 1,039,544 | 80,589 | 129,836 | 22,173 | 15,916 | 5,996 | 1,294,054 | 169,257 | 87,423 | 1,550,734 |
| Total functional expenses | \$ 1,824,777 | \$ 136,644 | \$ 331,715 | \$ 127,934 | \$ 56,131 | \$ 10,382 | \$ 2,487,583 | \$ 284,510 | \$ 561,676 | \$ 3,333,769 |

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF CASH FLOWS

| | <u>Year Ended</u> <u>December 31, 2019</u> | <u>Year Ended</u> <u>December 31, 2018</u> |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 28,546 | \$ (1,560,282) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation and amortization | 99,691 | 108,781 |
| Net realized and unrealized (gains) losses on investments | (2,001,423) | 875,657 |
| Donated stock | (114,267) | (26,494) |
| Donor restricted contributions held for long-term purposes | (105,175) | (986,445) |
| Changes in operating assets and liabilities: | | |
| Pledges receivable | 879,540 | 1,214,554 |
| Other receivables | 9,954 | (8,091) |
| Prepaid expenses and other assets | 4,021 | 9,670 |
| Deposits | - | 7,275 |
| Accounts payable and accrued expenses | 67,552 | (16,217) |
| Accrued vacation | (13,705) | (1,529) |
| Deferred revenue | (3,089) | (23,400) |
| | <u>(1,148,355)</u> | <u>(406,521)</u> |
| NET CASH USED BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of equipment | - | (1,920) |
| Purchases of intangible assets | (129,570) | (44,601) |
| Purchases of securities | (4,694,322) | (10,388,826) |
| Interest and dividends reinvested | (150,632) | (165,564) |
| Proceeds from sales of investments | 6,023,395 | 9,836,914 |
| | <u>1,048,871</u> | <u>(763,997)</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Donor restricted contributions held for long-term purposes | <u>105,175</u> | <u>986,445</u> |
| | <u>105,175</u> | <u>986,445</u> |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 5,691 | (184,073) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>933,880</u> | <u>1,117,953</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 939,571</u> | <u>\$ 933,880</u> |

See notes to combined financial statements.

UNITED RELIGIONS
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NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2019 AND DECEMBER 31, 2018

Note 1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES:

Since inception, URI's network has grown to nearly 1,000-member groups in 109 countries. Each group, called Cooperation Circles (CCs), is comprised of people representing at least three different religions, traditions or beliefs willing to engage in interfaith dialogue and collaborate on humanitarian efforts in their community. Utilizing this dual strategy approach, these Cooperation Circles care for refugees, educate children, prevent violence against women, clean rivers, provide medical care, resolve conflicts, and negotiate peace – among many other local and global key issues.

Founded in 2000, United Religions Initiative (URI) is a 501(c)(3) international organization registered in the State of California. Its purpose is to promote enduring, daily interfaith cooperation by engaging people at the grassroots level to build bridges of understanding across religious and cultural differences and work together for the good of their communities and the world. We implement our mission by creating a vital transformative network that connects, enables, trains and amplifies the work of locally based groups. URI's network enables grassroots leaders to self-organize in accord with URI's purpose and principles, implement local initiatives, exchange inspiration, ideas and knowledge, and deepen mutual understanding and respect through strong interpersonal relationships. URI's network strengthens the capacity of member groups and organizations to engage in community actions that meet their most pressing needs, such as poverty, conflict resolution, environmental sustainability, education, women's empowerment, inter-religious dialogue and advocacy for human rights.

Governance: The Global Council

The Global Council is URI's governing board of trustees. Three Global Council Trustees are elected by URI's member CCs from each of eight regions of the world. The Global Council can appoint At-Large Trustees to ensure gender, faith and experience diversity. The Global Council's primary responsibilities include being the governing body of URI; carrying out URI's mission and purpose; selecting, supporting and evaluating the Executive Director; ensuring effective planning and adequate financial resources; protecting the organization's assets and providing financial oversight; and ensuring legal and ethical integrity. With trustees from 22 countries representing diverse religious and indigenous traditions, the

Global Council brings its grassroots experience to URI's ongoing strategic planning, network development and global engagement and serves to increase URI's presence all over the world. The Global Council currently meets once a year in person, and three times a year by video conference call. In between these meetings, the Global Council operates through working committees that communicate by email and conference calls. Members of the Global Council also represent regions and sit on Regional Leadership Teams that plan and implement regional strategies to build network benefits to member CCs and develop collective global campaigns, such as mobilizing CCs around the world to participate in the International Day of Peace on September 21.

UNITED RELIGIONS
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NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2019 AND DECEMBER 31, 2018

Note 1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES (Continued):

URI Foundation, Inc.

The URI Foundation is an independent entity operating for charitable purposes as a support organization under 509(a)(3) of the IRS code. It was created by URI's Global Council as a competent, trustworthy vehicle for managing and investing URI's endowment and strategic reserves – keys to supporting URI's core activities around the world. The Foundation Board has established an Investment Committee as well as Investing and Spending Policies. Working with the Investment Committee, the Foundation Board oversees investments; monitors its endowment investment performance and the usage of the funds by URI to ensure compliance with the Investment and Spending Policies; reviews and updates the Investment and Spending Policies as necessary; and coordinates the relationship with investment advisors and managers to ensure optimal performance of the endowment and strategic reserves.

URI Activities include:

Global Network Development: In 19 years, URI has grown from 83 founding member organizations, called Cooperation Circles (CCs), to nearly 1,000 groups in 109 countries. Collectively, CCs have more than 600,000 members and touch the lives of millions of people around the world. URI's unique global network of grassroots CCs calls forth locally initiated actions by self-supporting groups and organizations. CCs can be small groups organizing for the first time or well-established organizations. Every CC must have at least seven members, three of whom must be from a different religion, spiritual expression or indigenous tradition.

URI's organizational structure includes eight regions which are staffed by 17 regional coordinators who supervise regional staff, coordinate regional leadership teams that include trustees, and Cooperation Circle members. The primary work of the regional bases is to provide direct communication with and network support for CCs. Network benefits include: helping CCs build capacity, raising visibility for CC work, assisting CCs in creating partnerships, connecting with policy-makers, organizing local and regional gatherings and trainings, and seeding new CCs.

CCs are inspired and sustained in their work by active participation in URI's vital network with other CCs with whom they generate connection, communication, co-mentoring and shared learning. URI's Global Support Office, which is based in San Francisco, provides accountability, training and consultation for regional coordinators, regional staff and regional leadership teams.

URI's Global Support Office oversees the operations of the URI network, energizing the network by supporting regional leadership teams, creating a flow of quality information, maintaining a CC member database, managing finance, publicizing CC impact worldwide, engaging in fundraising, and providing focused resource support and training in areas such as conflict transformation, the environment, women's empowerment, and youth leadership. The Executive Director, Chair of the URI Global Council and URI's President, working on behalf of an elected 29-member Global Council of Trustees, lead the URI network and are supported by 16 global support staff.

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Note 1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES (Continued):

Communications: URI's international network relies on a robust communication system. URI's global website, www.uri.org, is designed to magnify URI's impact, highlight CC successes, connect CCs, provide resource information to CCs, and encourage global campaigns for collective global action and more. Additionally, URI produces bi-weekly e-newsletters called YOU ARE I, a print newsletter series called InterAction, an Annual Report, as well as other print, online and multimedia collateral for the network. In the social media domain, URI is enhanced by engaging audiences on Facebook, Twitter, Instagram, LinkedIn, and YouTube. Given fast-paced technological change, URI's Communications Team studies new systems, makes recommendations to URI, and recently launched a new website and integrated constituent relationship management platform in 2017.

Education and Outreach: To strengthen the effectiveness of CCs to accomplish their goals, exchanges of various kinds of expertise take place among CC members. URI provides training to help CCs effectively take part in a global network of support and provides CCs with in-depth interviews that deepen understanding of their impact and potential. URI designs local, national and regional gatherings for CCs to meet face-to-face to share resources, receive training, and give and receive mutual support. URI collaborates with member groups worldwide to assess the impact of belonging to the URI network as both contributors to the network and receivers of benefits.

URI's website includes an interfaith teachers' curriculum for elementary and middle school students, as well as an extensive resource section. In addition to educational support, CC members, staff and the Global Council engage in strategic networking, both to share URI's work and to promote new partnerships to support the development of that work. Extensive work is underway in several regions to increase partnerships between CCs, other NGOs, government and civic groups to strengthen network support and resource sharing. URI actively works with several United Nations agencies and other like-minded non-profits to build effective partnerships between UN Development Goals and the work of CCs throughout the world. URI now has formal MOUs (Memorandums of Understanding) with the Office of Genocide Prevention at the United Nations, UNFPA (The United Nations Population Fund), WEA (Women's Earth Alliance), Launching Leaders, The World Tolerance Summit, and Unity Earth. URI hosted an Accelerate Peace Conference held on June 26 and 27, 2019 at the Hoover Institution on the Stanford University campus in California, USA. It brought together peacebuilders from around the world to discuss challenges to peace, both in their local communities and on an international level, and also to discuss action-oriented solutions to benefit all of humanity. A complete set of the conference videos are on the URI website.

Focused Resource Support: URI provides targeted resources to support the global CC network in the areas of: conflict resolution, Indigenous rights, women's empowerment, environmental issues and youth leadership. CCs, as well as individuals and organizations with specific expertise and resources in these areas, provide an effective channel of communication, creative resourcing and education to strengthen CC capacity. URI plans to expand focused training and support in the areas of conflict resolution, environment, etc.

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Note 1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES (Continued):

Focused Resource Support (continued):

URI has a Youth Leadership Program (YLP) that attracts, educates, and develops capacities of youth and young adults as a next generation of compassionate and effective interfaith leaders. YLP facilitates leadership training for youth and young adults, including skill building in community mapping, project design, management and evaluation with a focus on service learning. YLP also organizes a year-long Youth Ambassadors Program that provides in-depth, experiential leadership opportunities culminating in a collaborative service project. YLP seeks to develop diverse and strong regional networks of young leaders, offering platforms for dialogue, best practice sharing and information exchange, as well as a way to build locally relevant interfaith programming that meets the specific needs of youth in each region.

In 2018, URI and Launching Leaders ran youth empowerment and entrepreneurship programs in East Africa. And URI and WEA (Women's Earth Alliance) teamed up to pilot The Ripple Academy, a training program for grassroots women leaders in environmental sustainability. The first pilot program involved 40 participants and was held in North India.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of the significant accounting policies followed in the preparation of the accompanying financial statements:

Principles of combination:

The combined financial statements include the accounts of United Religions (dba United Religions Initiative), and its Affiliate, The United Religions Initiative Foundation, Inc., a California non-profit organization (collectively the "Organization"). The entities are combined as a result of the common management. All material intercompany balances and transactions have been eliminated.

Basis of accounting:

The Organization maintains its records using the accrual basis of accounting.

Financial statement presentation:

In accordance with Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities*, the Organization reports information regarding its financial position and its activities according to the following net asset classifications: Without donor restrictions (including board designated amounts) and with donor restrictions. Net assets with donor restrictions are reclassified to without donor restrictions upon satisfaction of the time or purpose restrictions.

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Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Financial statement presentation (continued):

On June 21, 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Update is effective to annual periods beginning after December 15, 2019. Early adoption is permitted. The Foundation has implemented ASU 2018-08 and has adjusted the presentation in these financial statements accordingly.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains its cash and money market account balances at financial institutions located in San Francisco, California. Such balances with any one institution may, at times, be in excess of federally insured amounts. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Investments:

Investments include marketable equity securities, mutual funds and bonds that are recorded at their published fair market value. Stock donations received at year end that have not been liquidated are valued at fair market value at the date of donation and adjusted to the fair market value at year end.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of those investments will occur in the near term and that such changes could materially affect the amounts reported on the statement of financial position.

Fair value:

Professional accounting standards establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional accounting standards are described as follows:

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Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fair value (continued):

| | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
|---------|---|

| | |
|---------|---|
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability;• inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
|---------|---|

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

| | |
|---------|---|
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |
|---------|---|

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Grants and pledges receivable:

The Organization recognizes all unconditional grants and pledges in the period notified. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Amounts that are restricted by the donor/grantor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Management uses the specific identification method for establishing an allowance for uncollectible receivables. No allowance was deemed necessary at December 31, 2019 and December 31, 2018. It is the Organization's policy to charge off uncollectible grant and pledge receivables when management determines the receivable will not be collected.

Equipment and improvements:

Equipment and improvements greater than \$1,500 purchased with estimated useful lives in excess of one year are capitalized at cost. Donated assets are capitalized at the fair market value on the date of receipt. Depreciation is computed on the straight-line method using estimated useful lives, generally over five years.

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Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Income tax status:

United Religions and the Foundation are recognized as public charities exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701 of the California Revenue and Taxation Code. Accordingly, no provision has been made for such taxes in the accompanying combined financial statements.

Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization pools common costs that benefit all its activities and allocates them to all activities based on the estimated amount of time spent by staff in each activity. Salaries and related expenses were allocated based on estimated employee time worked in each activity.

In-kind contributions:

The Organization records contributed goods and services at fair value. Services are recorded if they:

- 1) Create or enhance a non-financial asset or,
- 2) Would typically need to be purchased by the Organization if they had not been provided by contribution; they require special skills and are provided by individuals with those skills. During the years ended December 31, 2019 and December 31, 2018, the Organization recognized \$4,178 and \$44,417, respectively, in contributed goods and services.

Grants and contributions:

Contributions and grants are reflected in the accounts of the Organization when their receipt is reasonably assured. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or granting agency.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

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Note 3. NATURE 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 certain reported amounts of assets and disclosures. Accordingly, actual results could differ from those estimates.

Note 4. CONCENTRATIONS:

During the year ended December 31, 2019, the Organization had one donor who accounted for 72% of the pledges receivable and one donor who accounted for 22% of public support. During the year ended December 31, 2018, the Organization had two donors who accounted for 91% of the pledges receivable and three donors who accounted for 66% of public support.

Note 5. LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 939,571 | 933,880 |
| Investments | 4,378 | 4,481 |
| Pledges receivable - current portion | 1,341,408 | 1,131,103 |
| Other receivables | 1,574 | 11,528 |
| Board designated strategic reserves | 613,967 | 1,195,867 |
| Endowment spending availability: | | |
| Board designated quasi-endowment at 5% | 499,828 | 507,887 |
| Restricted endowment funds at 4% | 101,930 | 87,184 |
| Less donor-imposed restricted amount | <u>(200,000)</u> | <u>-</u> |
| Financial assets available | <u>\$ 3,302,656</u> | <u>\$ 3,871,930</u> |

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Note 6. PLEDGES RECEIVABLE:

Pledges receivable consist of the following at December 31:

| <u>December 31, 2019</u> | <u>Current</u> | <u>Due in 2 - 5 Years</u> | <u>Total</u> |
|-------------------------------|---------------------|-----------------------------------|---------------------|
| Donor restricted: | | | |
| Time-restricted | \$ 1,341,408 | \$ 1,428,955 | \$ 2,770,363 |
| Discount to net present value | <u>-</u> | <u>(188,342)</u> | <u>(188,342)</u> |
| Totals | <u>\$ 1,341,408</u> | <u>\$ 1,240,613</u> | <u>\$ 2,582,021</u> |
| | | | |
| <u>December 31, 2018</u> | <u>Current</u> | <u>Due in 2 - 5 Years</u> | <u>Total</u> |
| Donor restricted: | | | |
| Time-restricted | \$ 1,131,103 | \$ 2,601,135 | \$ 3,732,238 |
| Discount to net present value | <u>-</u> | <u>(270,677)</u> | <u>(270,677)</u> |
| Totals | <u>\$ 1,131,103</u> | <u>\$ 2,330,458</u> | <u>\$ 3,461,561</u> |

Pledges receivable due after December 31, 2019 and December 31, 2018 are stated at their net present values. Management has discounted these promises to give based on discount rates that range from 2.59% to 1.58%, depending on the applicable U.S. Treasury rate at the time of the pledge. The present value discount will be recognized in income as a contribution over the period from the date the promise was made to the date of collection.

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Note 7. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Cost and fair market value of investments are as follows at December 31:

| December 31, 2019 | Cost | Fair Market Value | Cumulative Unrealized Gain (Loss) |
|--------------------------------|----------------------|----------------------|-----------------------------------|
| Morgan Stanley | \$ 4,378 | \$ 4,378 | \$ - |
| Dodge & Cox Balance Fund | 229,007 | 340,323 | 111,316 |
| Fidelity Investments #1112 | | | |
| Money market | 922,529 | 922,529 | - |
| Mutual funds | 622 | 622 | - |
| Fidelity Investments #5006 | | | |
| Money market | 21,122 | 21,122 | - |
| Equities | 903,663 | 1,104,391 | 200,728 |
| Exchange traded REIT | 27,811 | 37,670 | 9,859 |
| Fidelity Investments #5007 | | | |
| Money market | 11,386 | 11,386 | - |
| Equities | 767,846 | 981,343 | 213,497 |
| Fidelity Investments #5034 | | | |
| Money market | 5,984 | 5,984 | - |
| Mutual funds - stocks | 2,954,622 | 3,222,351 | 267,729 |
| Mutual funds - bonds | 781,669 | 732,908 | (48,761) |
| Mutual funds -other short term | 178 | 178 | - |
| Fidelity Investments #6802 | | | |
| Money market | 19,065 | 19,065 | - |
| Corporate Bonds | 799,457 | 838,104 | 38,647 |
| Muni Bonds | 318,404 | 331,848 | 13,444 |
| US Treasuries | 729,494 | 757,118 | 27,624 |
| Accrued interest | 12,120 | 12,120 | - |
| Fidelity Investments #9481 | | | |
| Money market | 16,558 | 16,558 | - |
| Equities | 396,760 | 368,198 | (28,562) |
| Other | 13,487 | 16,046 | 2,559 |
| Fidelity Investments #144807 | | | |
| Money market | 11,380 | 11,380 | - |
| Equities | 1,684,632 | 1,897,964 | 213,332 |
| Other | 63,852 | 67,460 | 3,608 |
| Fidelity Investments #148423 | | | |
| Money market | 1,692 | 1,692 | - |
| Equities | 598,221 | 621,788 | 23,567 |
| Keystone | 500,000 | 500,000 | - |
| Kabouter | 500,000 | 568,632 | 68,632 |
| Totals | <u>\$ 12,295,939</u> | <u>\$ 13,413,158</u> | <u>\$ 1,117,219</u> |

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Note 7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued):

| December 31, 2018 | Cost | Fair Market Value | Cumulative Unrealized Gain (Loss) |
|--------------------------------|----------------------|----------------------|---|
| Morgan Stanley | \$ 4,481 | \$ 4,481 | \$ - |
| Dodge & Cox Balance Fund | 449,195 | 519,270 | 70,075 |
| Fidelity Investments #1112 | | | |
| Money market | 858,265 | 858,265 | - |
| Mutual funds | 1,029 | 1,029 | - |
| Fidelity Investments #5006 | | | |
| Money market | 15,512 | 15,512 | - |
| Equities | 975,924 | 957,124 | (18,800) |
| Exchange traded REIT | 29,535 | 30,091 | 556 |
| Fidelity Investments #5007 | | | |
| Money market | 23,759 | 23,759 | - |
| Equities | 1,021,196 | 1,015,937 | (5,259) |
| Fidelity Investments #5034 | | | |
| Money market | 263,976 | 263,976 | - |
| Mutual funds - stocks | 5,139,483 | 4,711,716 | (427,767) |
| Mutual funds - bonds | 498,273 | 469,423 | (28,850) |
| Mutual funds -other short term | 175 | 175 | - |
| Fidelity Investments #6802 | | | |
| Money market | 516,130 | 516,130 | - |
| Corporate Bonds | 686,443 | 680,329 | (6,114) |
| Muni Bonds | 415,959 | 417,586 | 1,627 |
| US Treasuries | 696,051 | 702,922 | 6,871 |
| Accrued interest | 12,266 | 12,266 | - |
| Fidelity Investments #9481 | | | |
| Money market | 7,081 | 7,081 | - |
| Equities | 394,163 | 300,442 | (93,721) |
| Keystone | 500,000 | 500,000 | - |
| Kabouter | 500,000 | 468,395 | (31,605) |
| Totals | <u>\$ 13,008,896</u> | <u>\$ 12,475,909</u> | <u>\$ (532,987)</u> |

The major categories of assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2019 and December 31, 2018 consist of investments. An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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Note 7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued):

The following tables set forth, by level, the fair value hierarchy of the Organization's assets at fair value at December 31, 2019 and 2018, respectively:

| 2019 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
| Cash and Money Market | \$ 1,022,458 | \$ - | \$ - | \$ 1,022,458 |
| Fixed income securities | - | 1,927,070 | - | 1,927,070 |
| Mutual funds - bonds | 733,086 | - | - | 733,086 |
| Equities | 5,061,568 | - | - | 5,061,568 |
| Mutual funds - equities | 3,562,674 | - | - | 3,562,674 |
| REIT | 37,670 | - | - | 37,670 |
| Interest in LLC | - | - | 568,632 | 568,632 |
| Interest in real estate lending fund | - | - | 500,000 | 500,000 |
| Total assets at fair value | <u>\$ 10,417,456</u> | <u>\$ 1,927,070</u> | <u>\$ 1,068,632</u> | <u>\$ 13,413,158</u> |

| 2018 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|----------------------------|----------------------------|--------------------------|-----------------------------|
| Cash and Money Market | \$ 1,696,988 | \$ - | \$ - | \$ 1,696,988 |
| Fixed income | - | 1,800,837 | - | 1,800,837 |
| Mutual funds - bonds | 469,598 | - | - | 469,598 |
| Equities | 2,277,985 | - | - | 2,277,985 |
| Mutual funds - equities | 5,232,015 | - | - | 5,232,015 |
| REIT | 30,091 | - | - | 30,091 |
| Interest in LLC | - | - | 468,395 | 468,395 |
| Interest in real estate lending fund | - | - | 500,000 | 500,000 |
| Total assets at fair value | <u>\$ 9,706,677</u> | <u>\$ 1,800,837</u> | <u>\$ 968,395</u> | <u>\$ 12,475,909</u> |

Investment income (loss) consisted of the following for the years ended December 31, 2019 and 2018:

| | December 31, | |
|---------------------------|----------------------------|----------------------------|
| | 2019 | 2018 |
| Interest and dividends | \$ 334,564 | \$ 250,740 |
| Realized gains (losses) | 438,523 | 64,945 |
| Unrealized gains (losses) | 1,562,900 | (940,602) |
| Investment fees | (105,806) | (87,800) |
| Totals | <u>\$ 2,230,181</u> | <u>\$ (712,717)</u> |

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Note 7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued):

Level 3 Gains and Losses: The Level 3 investments include holdings in Keystone Real Estate Lending Fund, LLC and in Kabouter International Insight Fund, LLC. The funds are valued based upon reports provided by the fund managers. The following table sets forth a summary of the changes in fair value of the Organization's Level 3 assets for the year ended December 31, 2019:

| | |
|----------------------------|---------------------|
| Balance, beginning of year | \$ 968,395 |
| Contributions | - |
| Withdrawals | (35,676) |
| Interest and dividends | 35,676 |
| Fees and taxes | (5,203) |
| Unrealized gain | <u>105,440</u> |
| Balance, end of year | <u>\$ 1,068,632</u> |

Note 8. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|------------------|------------------|
| Furniture and equipment | \$ 158,524 | \$ 158,524 |
| Leasehold improvements | <u>11,747</u> | <u>11,747</u> |
| | 170,271 | 170,271 |
| Less: accumulated depreciation | <u>(169,632)</u> | <u>(153,310)</u> |
| Totals | <u>\$ 639</u> | <u>\$ 16,961</u> |

Depreciation expense for the years ended December 31, 2019 and December 31, 2018 was \$16,322 and \$83,370, respectively.

Note 9. INTANGIBLE ASSETS:

Intangible assets consist of website development costs, software costs and video costs with a gross carrying amount of \$669,121 and \$539,550 at December 31, 2019 and December 31, 2018, respectively. Accumulated amortization at December 31, 2019 and December 31, 2018 was \$502,055 and \$418,685, respectively. Such costs are amortized on the straight-line method over an estimated useful life of three years for video, software costs and website development costs. Amortization expense for the years ended December 31, 2019 and December 31, 2018 amounted to \$83,370 and \$103,706, respectively.

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Note 9. INTANGIBLE ASSETS (Continued):

Future amortization expense on assets placed in service is expected to be as follows:

| <u>Year Ending December 31,</u> | |
|-------------------------------------|-------------------|
| 2020 | \$ 90,288 |
| 2021 | 55,579 |
| 2022 | <u>21,596</u> |
| Total | <u>\$ 167,463</u> |

Note 10. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions include net assets designated by the Organization's Global Council. The designated quasi-endowment fund and the designated strategic reserve fund are intended as reserves for expenditures for permissible purposes of the Organization. These funds are to be invested to provide income for a long but unspecified period. Authorized expenditures for the quasi-endowment shall be no greater than 5% of the total market value of the quasi-endowment in any fiscal year. Authorized expenditures for the strategic reserve are not limited. The Global Council has the right at any time to authorize expenditures in accord with the applicable spending policy.

Net assets without donor restrictions consisted of the following for the year ended December 31, 2019.

| | |
|------------------------------------|----------------------|
| Available for operations | \$ 822,666 |
| Board designated quasi-endowment | 9,996,568 |
| Board designated strategic reserve | <u>613,967</u> |
| Total | <u>\$ 11,433,201</u> |

Changes in board designated quasi-endowment net assets for the year ended December 31, 2019:

| | |
|--|---------------------|
| Board designated quasi-endowment net assets, beginning | \$ 9,095,949 |
| Contributions | - |
| Investment return | 191,912 |
| Net realized and unrealized gains | 1,522,051 |
| Fees | (83,503) |
| Expenditures | <u>(729,841)</u> |
| Board designated quasi-endowment net assets, ending | <u>\$ 9,996,568</u> |

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Note 10. NET ASSETS WITHOUT DONOR RESTRICTIONS (Continued):

Changes in board designated strategic reserves net assets for the year ended December 31, 2019:

| | |
|--|--------------------------|
| Board designated strategic reserve net assets, beginning | \$ 1,195,834 |
| Contributions | 620,000 |
| Investment return | 10,352 |
| Net realized and unrealized gain | 154,285 |
| Fees | (4,504) |
| Expenditures | <u>(1,362,000)</u> |
| Board designated strategic reserve net assets, ending | <u><u>\$ 613,967</u></u> |

Net assets without donor restrictions consisted of the following for the year ended December 31, 2018:

| | |
|------------------------------------|-----------------------------|
| Available for operations | \$ 310,670 |
| Board designated quasi-endowment | 9,095,949 |
| Board designated strategic reserve | <u>1,195,834</u> |
| Total | <u><u>\$ 10,602,453</u></u> |

Changes in board designated quasi-endowment net assets for the year ended December 31, 2018:

| | |
|--|----------------------------|
| Board designated quasi-endowment net assets, beginning | \$ 10,157,731 |
| Contributions | - |
| Investment return | 189,943 |
| Unrealized gain (loss) | (645,408) |
| Fees | (58,334) |
| Expenditures | <u>(547,983)</u> |
| Board designated quasi-endowment net assets, ending | <u><u>\$ 9,095,949</u></u> |

Changes in board designated strategic reserves net assets for the year ended December 31, 2018:

| | |
|--|----------------------------|
| Board designated strategic reserve net assets, beginning | \$ 1,183,382 |
| Contributions | 1,100,000 |
| Investment return | 24,972 |
| Unrealized gain (loss) | (84,851) |
| Fees | (7,669) |
| Expenditures | <u>(1,020,000)</u> |
| Board designated strategic reserve net assets, ending | <u><u>\$ 1,195,834</u></u> |

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Note 11. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at December 31, 2019:

| | December 31, 2018 | Contributions and Income | Released from Restrictions | December 31, 2019 |
|----------------------------|----------------------|-----------------------------|-------------------------------|----------------------|
| Endowment funds - corpus | \$ 2,528,945 | \$ 142,284 | \$ - | \$ 2,671,229 |
| Endowment Funds-earnings | 187,109 | 439,528 | (328,062) | 298,575 |
| Time-restricted: | | | | |
| Davidson | - | 296,920 | (39,728) | 257,192 |
| Lurie | 100,000 | - | (100,000) | - |
| Marcus | 2,806,745 | 43,526 | (1,000,000) | 1,850,271 |
| McQuown | 188,133 | 4,781 | - | 192,914 |
| Miscellaneous | 10,613 | 48,300 | (4,508) | 54,405 |
| Strategic Reserves | 190,720 | - | - | 190,720 |
| Strategic Reserves - D & C | 14,132 | - | - | 14,132 |
| General Strategic Reserves | - | 20,125 | (20,125) | - |
| President's Council | 305,243 | - | (305,243) | - |
| Ambassador Fund | 15,268 | - | - | 15,268 |
| Peggy Olsen Fund | 12,225 | - | - | 12,225 |
| Semel fund | 500 | - | - | 500 |
| Travelling Peace Academy | 10,000 | - | - | 10,000 |
| Elder - Youth Initiative | 1,750 | - | - | 1,750 |
| URI - Asia | - | 2,465 | (2,465) | - |
| URI - MENA | - | 1,000 | (1,000) | - |
| URI - YLP | - | 500 | (500) | - |
| Totals | <u>\$ 6,371,383</u> | <u>\$ 999,429</u> | <u>\$ (1,801,631)</u> | <u>\$ 5,569,181</u> |

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Note 11. NET ASSETS WITH DONOR RESTRICTIONS (Continued):

Net assets with donor restrictions consisted of the following at December 31, 2018:

| | December 31, 2017 | Contributions and Income | Released from Restrictions | December 31, 2018 |
|-----------------------------------|----------------------|-----------------------------|-------------------------------|----------------------|
| Endowment funds - corpus | \$ 1,542,500 | \$ 986,445 | \$ - | \$ 2,528,945 |
| Endowment Funds-earnings | 318,558 | (131,449) | | 187,109 |
| Time-restricted: | | | | |
| Lurie | 189,612 | 10,388 | (100,000) | 100,000 |
| Jamieson | 1,375 | - | (1,375) | - |
| Marcus | 3,784,740 | 22,005 | (1,000,000) | 2,806,745 |
| McQuown | - | 388,133 | (200,000) | 188,133 |
| Miscellaneous | 35,452 | 4,238 | (29,077) | 10,613 |
| Strategic Reserves | 323,925 | - | (133,205) | 190,720 |
| Strategic Reserves - D & C | 14,132 | - | - | 14,132 |
| Marcus Challenge Grant | - | 500 | (500) | - |
| President's Council | 122,845 | 200,000 | (17,602) | 305,243 |
| Ambassador Fund | 23,013 | - | (7,745) | 15,268 |
| Infrastructure Training-2017/2018 | 13,147 | 35,000 | (48,147) | - |
| Peggy Olsen Fund | 12,225 | - | - | 12,225 |
| Semel fund | 500 | - | - | 500 |
| Travelling Peace Academy | 10,000 | - | - | 10,000 |
| Elder - Youth Initiative | 1,750 | - | - | 1,750 |
| Parliament | - | 10,000 | (10,000) | - |
| URI - Asia | - | 700 | (700) | - |
| URI - Women | - | 500 | (500) | - |
| URI - MENA | - | 1,000 | (1,000) | - |
| URI - North America | - | 25,000 | (25,000) | - |
| URI - YLP | - | 500 | (500) | - |
| 2017 Infrastructure development | - | 60,000 | (60,000) | - |
| Totals | <u>\$ 6,393,774</u> | <u>\$ 1,612,960</u> | <u>\$ (1,635,351)</u> | <u>\$ 6,371,383</u> |

Note 12. ENDOWMENT FUND:

The Organization has three donor restricted endowment funds. The Bowes Award, in the amount of \$250,000, is restricted such that income may be used only for providing cash awards to Cooperation Circles (the "Bowes Award"). The second, in the amount of \$2,394,229, is the Charlotte and George Schultz Fund for Hospitality and Diplomacy. Income from this fund may be used for meetings of the Global Staff and the Global Council. The third, in the amount of \$27,000, is a general endowment award. Income from it may be used for permissible purposes of the Organization. All three funds are classified as permanently restricted.

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Note 12. ENDOWMENT FUND (Continued) :

Interpretation of relevant law - The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, there is one class of donor restricted endowment net assets. The endowment funds corpus includes original and subsequent donations, and accumulations of net income to the permanent endowment when prescribed by the donor. The remaining net income portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in accordance with the Foundation's spending policy. The amounts allocated to funds with deficiencies are classified as net assets with donor restrictions.

In accordance with UPMIFA, the Organization 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 the Organization 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 the Organization, (7) the investment policies of the Organization.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies at December 31, 2019 and a deficiency of \$82,159 at December 31, 2018.

Investment Return Objectives and Risk Parameters – The investment objective for funds of the Organization allocated to "endowment" by the Global Council is to achieve the highest return for the risk deemed appropriate by the Investment Committee. In assessing risk, the Investment Committee should assume that the Organization's investment horizon stretches into perpetuity and its need for liquidity is limited.

Except in those circumstances in which doing so would cause the endowment to incur outsized risk, the Investment Committee shall, at a minimum, strive to achieve returns that maintain the Endowment's purchasing power after disbursements. Specifically, the Endowment's annual return should match or exceed the inflation rate associated with non-profit organizations plus the rate of endowment spending.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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Note 12. ENDOWMENT FUND (Continued) :

Spending policy and how the investment objectives relate to spending policy – The Organization's investment policy provides for a conservative stream of income to preserve the value of the corpus in perpetuity. Authorized expenditures shall be no greater than 4% of the total market value of the respective three endowments in any fiscal year.

Changes in endowment net assets for the year ended December 31, 2019:

| | <u>With Donor Restrictions</u> |
|---|------------------------------------|
| Endowment net assets, beginning | \$ 2,716,054 |
| Contributions | 105,175 |
| Releases | (290,959) |
| Interest and dividends | 72,392 |
| Net gains (realized and unrealized) | 385,664 |
| Fees | <u>(18,526)</u> |
| Endowment net assets, December 31, 2019 | <u>\$ 2,969,800</u> |

Changes in endowment net assets for the year ended December 31, 2018:

| | <u>With Donor Restrictions</u> |
|---|------------------------------------|
| Endowment net assets, beginning | \$ 1,861,056 |
| Contributions | 986,445 |
| Releases | (1,771) |
| Interest and dividends | 48,786 |
| Net losses (realized and unrealized) | (165,523) |
| Fees | <u>(12,939)</u> |
| Endowment net assets, December 31, 2018 | <u>\$ 2,716,054</u> |

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Note 13. FUNDRAISING EVENT:

The following is a summary of revenues and expenses related to the 2019 and 2018 Circle of Light events:

| | December 31, | |
|-----------------------------------|--------------|------------|
| | 2019 | 2018 |
| Revenues and contributions: | | |
| Donations | \$ 85,039 | \$ 117,210 |
| In-kind donation | - | - |
| Sponsorships and revenue | 205,362 | 166,205 |
| Total revenues and contributions | 290,401 | 283,415 |
| Less expenses | (100,866) | (105,945) |
| Net income from fundraising event | \$ 189,535 | \$ 177,470 |

Note 14. RETIREMENT PLAN:

Multiemployer Plan - The Organization is a participant in The Church Pension Fund Clergy Pension Plan (the "Plan"), a multiemployer defined benefit plan. The only employee in the Plan is the Executive Director.

The Organization's contribution to the Plan for the years ended December 31, 2019 and December 31, 2018 amounted to \$35,388 and \$34,441, respectively. The Organization's contributions to the Plan do not represent more than 5% of the total contributions received by the Plan. The assessments for the years ended March 31, 2019 and March 31, 2018 (the Plan year) were 9% of the participant's compensation. Selected information regarding the Plan are as follows:

| | March 31, | |
|--|----------------|----------------|
| | 2019 | 2018 |
| Net assets available for benefits | \$ 185,257,809 | \$ 178,658,579 |
| Actuarial present value of accumulated plan benefits | \$ 213,387,000 | \$ 215,473,000 |
| Indicated level of funding | 75% | 75% |

The Plan is not required to file Form 5500; therefore, certain information is not required to be made available publicly. If the Organization withdraws its participation in the Plan, the Organization is not subject to withdrawal liability under the current terms of the Plan. To the extent that the Plan is underfunded, the Organization's future contributions to the Plan may increase to cover retirement benefits of employees of other organizations participating in the Plan.

Other plans - In 2012, the Organization adopted the United Religions Initiative 403(b) Plan. Eligible employees are able to participate in the Plan on their first day of employment. The employer matches 5% of salary semi-monthly for each employee after 1 year of employment, and if an employee contributes at least of 4% of salary the employer will match an additional 4%.

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Note 14. RETIREMENT PLAN (Continued):

Total contribution expense to the Plan for the years ended December 31, 2019 and December 31, 2018 amounted to \$75,635 and \$91,816, respectively.

Note 15. COMMITMENTS AND CONTINGENCIES:

Commitments:

The Organization leases office space in San Francisco under a lease which expires in April 2022. Monthly payments under the lease start at \$15,051 and increase 3.0% at the end of each lease year. Total rent expense (including building operating expenses) for the years ended December 31, 2019 and December 31, 2018 amounted to \$190,801 and \$196,426, respectively.

The Organization leases a copier under an operating lease expiring on March 31, 2020. Monthly payments under the lease are \$668 per month.

The Organization leases a postage meter under an operating lease expiring on October 31, 2021. Monthly payments under the lease are \$155 per month.

Minimum annual payments required under the leases are as follows:

| <u>Year Ending December 31,</u> | | |
|-------------------------------------|-----------|----------------|
| 2020 | \$ | 199,979 |
| 2021 | | 202,861 |
| 2022 | | <u>67,762</u> |
| | <u>\$</u> | <u>470,602</u> |

Note 16. SUBSEQUENT EVENTS:

Management has evaluated events through January 15, 2021, the date which the financial statements were available for issue.

The COVID-19 outbreak caused mandated and voluntary closing of non-essential businesses. The Organization was designated an essential business and continued to operate without adverse effects. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on unknown future developments, including the duration and spread of the outbreak and impact on donors, all of which are uncertain and cannot be predicted.

The Organization received a Paycheck Protection Program loan of \$275,375 in May 2020. Management believes the funds have been spent on expenses eligible for forgiveness under the program's guidelines. The amount will be treated as a federal grant in the year ending December 31, 2020.

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SUPPLEMENTARY INFORMATION

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COMBINING STATEMENT OF FINANCIAL POSITION – DECEMBER 31, 2019

| <u>ASSETS</u> | United Religions Initiative | United Religions Initiative Foundation | Eliminations | Total |
|---|-----------------------------------|---|------------------------|----------------------|
| CURRENT: | | | | |
| Cash and cash equivalents | \$ 939,571 | \$ - | \$ - | \$ 939,571 |
| Investments | 4,378 | - | - | 4,378 |
| Current portion of pledges receivable | 341,408 | 1,000,000 | - | 1,341,408 |
| Due to/ from URI | (400,000) | 400,000 | - | - |
| Other receivables | 1,574 | - | - | 1,574 |
| Prepaid expenses and other assets | 47,824 | - | - | 47,824 |
| TOTAL CURRENT ASSETS | 934,755 | 1,400,000 | - | 2,334,755 |
| LONG-TERM: | | | | |
| Investments restricted for long-term purposes | - | 13,408,780 | - | 13,408,780 |
| Investments held by Foundation | 19,146 | - | (19,146) | - |
| Pledges receivable | 218,788 | 1,021,825 | - | 1,240,613 |
| Equipment and improvements - net | 639 | - | - | 639 |
| Intangible assets - net | 167,066 | - | - | 167,066 |
| Beneficial interest in Foundation | 15,811,459 | - | (15,811,459) | - |
| Deposits | 17,094 | - | - | 17,094 |
| TOTAL ASSETS | \$ 17,168,947 | \$ 15,830,605 | \$ (15,830,605) | \$ 17,168,947 |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| CURRENT LIABILITIES: | | | | |
| Accounts payable and accrued expenses | \$ 102,467 | \$ - | \$ - | \$ 102,467 |
| Accrued vacation | 62,187 | - | - | 62,187 |
| Deferred revenue | 1,911 | - | - | 1,911 |
| TOTAL CURRENT LIABILITIES | 166,565 | - | - | 166,565 |
| LONG-TERM: | | | | |
| Investments held for Initiative | - | 19,146 | (19,146) | - |
| TOTAL LIABILITIES | 166,565 | 19,146 | (19,146) | 166,565 |
| NET ASSETS: | | | | |
| Without restrictions | 11,497,226 | 9,055,148 | (9,119,173) | 11,433,201 |
| With restrictions | 5,505,156 | 6,756,311 | (6,692,286) | 5,569,181 |
| TOTAL NET ASSETS | 17,002,382 | 15,811,459 | (15,811,459) | 17,002,382 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 17,168,947 | \$ 15,830,605 | \$ (15,830,605) | \$ 17,168,947 |

See notes to combined financial statements.

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COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

| | United Religions Initiative | United Religions Initiative Foundation | Eliminations | Total |
|--|-----------------------------------|---|------------------------|----------------------|
| OPERATING REVENUE AND SUPPORT: | | | | |
| Grants and contributions | \$ 1,078,534 | \$ 80,635 | \$ - | \$ 1,159,169 |
| Grant income from URI Foundation | 2,168,792 | - | (2,168,792) | - |
| In-kind contributions | 4,178 | - | - | 4,178 |
| Fundraising event income - net of expenses of \$100,866 | 189,535 | - | - | 189,535 |
| Investment return, net of expenses | 26,586 | 2,203,595 | - | 2,230,181 |
| Other income | 35,315 | - | - | 35,315 |
| Equity in net earnings of Foundation | 392,894 | - | (392,894) | - |
| TOTAL OPERATING REVENUE AND SUPPORT | 3,895,834 | 2,284,230 | (2,561,686) | 3,618,378 |
| OPERATING EXPENSES: | | | | |
| Program Services: | | | | |
| Global community development | 1,743,497 | - | - | 1,743,497 |
| Global council | 123,910 | - | - | 123,910 |
| Communications | 323,469 | - | - | 323,469 |
| Education and outreach | 612,058 | - | - | 612,058 |
| Environment | 26,257 | - | - | 26,257 |
| Peace building | 5,850 | - | - | 5,850 |
| Grant payment to URI Foundation | - | 2,168,792 | (2,168,792) | - |
| Total program services | 2,835,041 | 2,168,792 | (2,168,792) | 2,835,041 |
| Supporting Services: | | | | |
| Management and general Foundation | 262,227 | - | - | 262,227 |
| | - | 30,719 | - | 30,719 |
| Fundraising | 461,845 | - | - | 461,845 |
| Total supporting services | 724,072 | 30,719 | - | 754,791 |
| TOTAL OPERATING EXPENSES | 3,559,113 | 2,199,511 | (2,168,792) | 3,589,832 |
| INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS | 336,721 | 84,719 | (392,894) | 28,546 |
| OTHER CHANGES IN NET ASSETS: | | | | |
| Transfer of assets to URI Foundation | (308,175) | 308,175 | - | - |
| INCREASE (DECREASE) IN NET ASSETS | 28,546 | 392,894 | (392,894) | 28,546 |
| NET ASSETS, beginning of year | 16,973,836 | 15,418,565 | (15,418,565) | 16,973,836 |
| NET ASSETS, end of year | \$ 17,002,382 | \$ 15,811,459 | \$ (15,811,459) | \$ 17,002,382 |

See notes to combined financial statements.