

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

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND DECEMBER 31, 2017



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, 2018 and December 31, 2017, 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 as of December 31, 2018 and December 31, 2017, 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 and combining statement of activities 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.

A handwritten signature in cursive script that reads "RMA Accountancy Corporation".

Certified Public Accountants

San Francisco, California
June 24, 2019

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
CURRENT:		
Cash and cash equivalents	\$ 933,880	\$ 1,117,953
Investments	4,481	5,426
Current portion of pledges receivable	1,131,103	794,739
Other receivables	11,528	3,437
Prepaid expenses and other assets	51,845	61,515
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	2,132,837	1,983,070
OTHER:		
Investments restricted for long-term purposes	12,471,428	12,602,170
Pledges receivable	2,330,458	3,881,376
Equipment and improvements, net	16,961	20,115
Intangible assets, net	120,865	179,971
Deposits	17,094	24,369
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 17,089,643</u>	<u>\$ 18,691,071</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 34,915	\$ 51,132
Accrued vacation	75,892	77,421
Deferred revenue	5,000	28,400
	<hr/>	<hr/>
TOTAL LIABILITIES (ALL CURRENT)	115,807	156,953
NET ASSETS:		
Without donor restrictions	10,602,453	12,140,344
With donor restrictions	6,371,383	6,393,774
	<hr/>	<hr/>
TOTAL NET ASSETS	16,973,836	18,534,118
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,089,643</u>	<u>\$ 18,691,071</u>

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
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COMBINED STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	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
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COMBINED STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Without Donor Restriction	With Donor Restrictions	Total
SUPPORT AND OPERATING REVENUE:			
SUPPORT:			
Grants and contributions	\$ 11,421,506	4,302,943	\$ 15,724,449
In-kind contributions	14,074	-	14,074
Fundraising event, net	181,068	-	181,068
Net assets released from restrictions	2,601,451	(2,601,451)	-
	14,218,099	1,701,492	15,919,591
REVENUE:			
Investment return - net of expenses	409,636	85,885	495,521
Other income	(205)	-	(205)
	409,431	85,885	495,316
TOTAL SUPPORT AND OPERATING REVENUE	14,627,530	1,787,377	16,414,907
OPERATING EXPENSES:			
Program expenses:			
Global Community Development	2,056,414	-	2,056,414
Global Council	364,822	-	364,822
Communications	464,240	-	464,240
Education and Outreach	108,852	-	108,852
Environment	129,217	-	129,217
Peace Building	1,057	-	1,057
	3,124,602	-	3,124,602
Supporting services:			
Management and general	271,209	-	271,209
Fundraising	472,210	-	472,210
	743,419	-	743,419
TOTAL OPERATING EXPENSES	3,868,021	-	3,868,021
CHANGE IN NET ASSETS	10,759,509	1,787,377	12,546,886
NET ASSETS, beginning of year	1,380,835	4,606,397	5,987,232
NET ASSETS, end of year	\$ 12,140,344	\$ 6,393,774	\$ 18,534,118

See notes to combined financial statements.

UNITED RELIGIONS
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COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services						Total Program Services	Supportive Services		Total
	Global Community Development	Global Council	Communications	Education & Outreach	Environment	Peace Building		Management & General	Fundraising	
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	144,337	10,889	33,119	9,853	6,515	926	205,639	24,670	80,339	310,648
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	1,308	578	2,011	140	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
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And Its Affiliate
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services						Total Program Services	Supportive Services		
	Global Community Development	Global Council	Communications	Education & Outreach	Environment	Peace Building		Management & General	Fundraising	Total
Personnel:										
Salaries	\$ 633,687	\$ 98,151	\$ 287,002	\$ 74,388	\$ 68,032	\$ 779	\$ 1,162,039	\$ 102,446	\$ 324,558	\$ 1,589,043
Severance	-	-	-	-	-	-	-	-	-	-
Payroll taxes	40,763	6,782	20,154	4,866	4,775	51	77,391	5,409	22,589	105,389
Employee benefits	137,672	22,139	52,095	7,140	10,466	221	229,733	20,247	54,470	304,450
Total personnel	812,122	127,072	359,251	86,394	83,273	1,051	1,469,163	128,102	401,617	1,998,882
Grants	929,491	-	-	-	-	-	929,491	-	-	929,491
Occupancy	91,602	21,984	14,656	12,824	9,160	-	150,226	14,656	18,320	183,202
Global Conference (GC)	-	174,370	-	-	-	-	174,370	-	-	174,370
Depreciation	-	-	-	-	-	-	-	90,166	-	90,166
Other professional services	52,500	15,552	-	-	500	-	68,552	390	-	68,942
Professional services	7,778	1,866	36,311	1,089	10,855	-	57,899	1,771	1,844	61,514
Travel - Program	61,505	-	-	-	-	-	61,505	-	-	61,505
Printing and copying	6,573	1,304	25,643	761	953	-	35,234	554	6,199	41,986
Travel - General	19,923	3,923	630	-	8,945	-	33,421	-	7,726	41,147
Miscellaneous	22,050	3,206	4,080	956	1,164	-	31,456	2,423	5,075	38,954
Meetings and Workshops, Training	5,325	4,791	1,588	-	8,945	-	20,649	7,477	3,465	31,591
Accounting fees	15,000	3,600	2,400	2,100	1,500	-	24,600	2,400	3,000	30,000
Equipment Rental and Maintenance	10,492	2,517	1,678	1,468	1,049	-	17,204	1,810	2,097	21,111
Supplies	1,186	988	5,701	1,019	66	-	8,960	5,522	5,070	19,552
Payroll fees	9,555	2,293	1,529	1,338	956	-	15,671	1,536	1,904	19,111
Insurance	6,776	747	2,248	571	530	6	10,878	609	2,446	13,933
Internet/Web	832	182	5,114	106	80	-	6,314	220	3,436	9,970
Postage and shipping	221	40	34	-	432	-	728	2,206	5,124	8,058
Bank fees	-	-	-	-	-	-	-	6,946	-	6,946
Telephone	3,483	388	259	226	739	-	5,095	262	342	5,699
Software purchase & maintenance	-	-	2,622	-	70	-	2,692	-	2,843	5,535
Legal fees	-	-	-	-	-	-	-	3,631	-	3,631
Events/Programs/COL	-	-	-	-	-	-	-	-	1,702	1,702
Taxes, licenses and fees	-	-	-	-	-	-	-	528	-	528
Dues and subscriptions	-	-	495	-	-	-	495	-	-	495
Total other expenses	1,244,292	237,751	104,989	22,458	45,945	6	1,655,439	143,107	70,593	1,869,139
Total functional expenses	\$ 2,056,414	\$ 364,822	\$ 464,240	\$ 108,852	\$ 129,217	\$ 1,057	\$ 3,124,602	\$ 271,209	\$ 472,210	\$ 3,868,021

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
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COMBINED STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>December 31, 2018</u>	<u>Year Ended</u> <u>December 31, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,560,282)	\$ 12,546,886
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	108,781	90,166
Net realized and unrealized (gains) loss on investments	959,874	(396,956)
Donated stock	(26,494)	(12,071)
Loss on asset disposal	-	300
Donor restricted contributions held for long-term purposes	(986,445)	(155,500)
Changes in operating assets and liabilities:		
Pledges receivable	1,206,463	(2,827,483)
Prepaid expenses and other assets	9,670	(15,831)
Deposits	7,275	(7,275)
Accounts payable and accrued expenses	(17,746)	31,156
Deferred revenue	(23,400)	16,305
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(322,304)	9,269,697
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	(1,920)	-
Purchases of intangible assets	(44,601)	(102,258)
Purchases of securities	(10,388,826)	(11,908,295)
Interest and dividends reinvested	(249,781)	(112,445)
Proceeds from sales of investments	9,836,915	3,172,750
	<hr/>	<hr/>
NET CASH USED BY INVESTING ACTIVITIES	(848,213)	(8,950,248)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Donor restricted contributions held for long-term purposes	986,445	155,500
	<hr/>	<hr/>
NET CASH PROVIDED BY FINANCING ACTIVITIES	986,445	155,500
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(184,072)	474,949
CASH AND CASH EQUIVALENTS, beginning of year	1,117,953	643,004
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CASH AND CASH EQUIVALENTS, end of year	<u>\$ 933,881</u>	<u>\$ 1,117,953</u>

See notes to combined financial statements.

UNITED RELIGIONS
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NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2018 AND DECEMBER 31, 2017

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 issue.

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.

The United Religions Initiative Foundation is an independent 501(c)(3) organization which was created by the URI's Global Council (URI's international Board of Trustees) as a competent, trustworthy vehicle for investing and managing a major endowment dedicated to supporting URI's core activities around the world. The officers of the Foundation, whose members are approved by the Global Council, oversee URI investments and monitor endowment investment performance and the usage of funds by the URI organization; communicate regularly with the Global Council to receive its guidance and understand organizational needs as well as to inform and guide the Global Council about URI investments.

URI Activities include:

Global Network Development: In 18 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.

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NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2018 AND DECEMBER 31, 2017

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

Global Network Development (continued): 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 30-member Global Council of Trustees, lead the URI network and are supported by 16 global support staff.

Global Council: The Global Council (URI's international board of trustees) is URI's governing body. 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 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.

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 and YouTube. Communications also includes managing press relations and facilitating an accessible exchange of resources and best practices within the different regions to create stronger communities of practice within URI. Given fast paced technological change, Communications studies new systems, makes recommendations to URI and has launched a new website 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.

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NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2018 AND DECEMBER 31, 2017

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

Education and Outreach (continued): 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.

Focused Resource Support: URI provides targeted resources to support the global CC network in the areas of: conflict resolution, 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.

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.

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

Basis of accounting:

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

Financial statement presentation:

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958)- Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

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.

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 mutual funds that are recorded at their published fair market value and stock donations received at year end that have not been liquidated that are valued at fair market value at the date of donation and adjusted to the fair market value at year end.

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.
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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.
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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.
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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.

The Organization invests in various investments. 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.

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, 2018 and December 31, 2017. It is the Organization's policy to charge off uncollectible grant and pledge receivables when management determines the receivable will not be collected.

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

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.

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 statement of activities and in the statement 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, 2018 and December 31, 2017, the Organization recognized \$44,417 and \$14,074, 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.

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

Grants and contributions (continued):

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.

Date of management's review:

Management has evaluated events through June 24, 2019, the date which the financial statements were available for issue. Management has concluded that there were no subsequent events required to be disclosed or recognized in the financial statements.

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, 2018, the Organization had two donors who accounted for 81% of the pledges receivable and three donors who accounted for 58% of public support. During the year ended December 31, 2017, the Organization had one donor who accounted for 81% of the pledges receivable and two donors who accounted for 90% 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:

Cash and cash equivalents	\$	933,880
Investments		4,481
Pledges receivable -current portion		1,131,103
Other receivables		11,528
Investments - strategic reserve portion		1,195,867
Endowment spending availability:		
Board designated quasi-endowment at 5%		507,887
Restricted endowment funds at 4%		87,184
		87,184
Financial assets available	\$	3,871,930

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Note 6. PLEDGES RECEIVABLE:

Pledges receivable consist of the following at December 31:

<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	2,601,138	\$ 3,732,241
Discount to net present value	-	(270,677)	(270,677)
Totals	<u>\$ 1,131,103</u>	<u>\$ 2,330,461</u>	<u>\$ 3,461,564</u>
<u>December 31, 2017</u>	<u>Current</u>	<u>Due in 2 - 5 Years</u>	<u>Total</u>
Donor restricted:			
Time-restricted	\$ 794,739	4,107,208	\$ 4,901,947
Discount to net present value	-	(225,832)	(225,832)
Totals	<u>\$ 794,739</u>	<u>\$ 3,881,376</u>	<u>\$ 4,676,115</u>

Pledges receivable due after December 31, 2018 and December 31, 2017 are stated at their net present values. Management has discounted these promises to give based on discount rates that range from 2.87% to 1.89%, 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:

<u>December 31, 2018</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cumulative Unrealized Gain (Loss)</u>
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	12,265	12,265	-
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>\$ 13,008,895</u>	<u>\$ 12,475,908</u>	<u>\$ (532,987)</u>

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

December 31, 2017	Cost	Fair Market Value	Cumulative Unrealized Gain (Loss)
Morgan Stanley	\$ 5,426	\$ 5,426	\$ -
Dodge & Cox Balance Fund	402,853	544,398	141,545
Fidelity Investments #1112			
Money market	650,234	650,234	-
Mutual funds	1,509,324	1,512,656	3,332
Fidelity Investments #5006			
Money market	31,800	31,800	-
Equities	851,092	901,116	50,024
Exchange traded REIT	29,001	29,861	860
Fidelity Investments #5007			
Money market	13,236	13,236	-
Equities	895,077	944,860	49,783
Fidelity Investments #5034			
Money market	36,402	36,402	-
Mutual funds - stocks	5,297,455	5,511,232	213,777
Mutual funds - bonds	1,457,587	1,444,599	(12,988)
Mutual funds -other short term	148,687	148,687	-
ETF - fixed income	838,122	833,089	(5,033)
Totals	<u>\$ 12,166,296</u>	<u>\$ 12,607,596</u>	<u>\$ 441,300</u>

The major categories of assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2018 and December 31, 2017 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.

The following tables set forth, by level, the fair value hierarchy of the Organization's assets at fair value at December 31, 2018 and 2017, respectively:

	Level 1	Level 2	Level 3	Total
Cash & Money Market	\$ 1,696,988	\$ -	\$ -	\$ 1,696,988
Trading securities	2,308,075	-	-	2,308,075
Mutual funds	5,701,613	-	-	5,701,613
Fixed income	-	1,800,837	-	1,800,837
Interest in LLC	-	-	468,395	468,395
Interest in real estate lending fund	-	-	500,000	500,000
Total assets at fair value	<u>\$ 9,706,676</u>	<u>\$ 1,800,837</u>	<u>\$ 968,395</u>	<u>\$ 12,475,908</u>

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

	Level 1	Level 2	Level 3	Total
Cash & Money Market	\$ 731,672	\$ -	\$ -	\$ 731,672
Trading securities	2,714,352	-	-	2,714,352
Mutual funds	9,161,572	-	-	9,161,572
Fixed income	-	-	-	-
Total assets at fair value	<u>\$ 12,607,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,607,596</u>

Investment loss and income consisted of the following for the years ended December 31, 2018 and 2017:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 250,740	\$ 113,369
Realized gain	64,945	78,973
Unrealized gain(loss)	(940,602)	317,643
Investment Fees	(87,800)	(14,464)
Totals	<u>\$ (712,717)</u>	<u>\$ 495,521</u>

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, 2018:

Balance, beginning of year	\$ -
Contributions	1,000,000
Withdrawals	(9,466)
Interest and dividends	9,466
Unrealized loss	(31,605)
Balance, end of year	<u>\$ 968,395</u>

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Note 8. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at December 31:

	2018	2017
Furniture and equipment	\$ 158,524	\$ 156,603
Leasehold improvements	11,747	11,747
	170,271	168,350
Less: accumulated depreciation	(153,310)	(148,235)
Totals	\$ 16,961	\$ 20,115

Depreciation expense for the years ended December 31, 2018 and December 31, 2017 was \$5,075 and \$10,305, respectively.

Note 9. INTANGIBLE ASSETS:

Intangible assets consist of website development costs, software costs and video costs with a gross carrying amount of \$539,550 and \$494,950 at December 31, 2018 and December 31, 2017, respectively. Accumulated amortization at December 31, 2018 and December 31, 2017 was \$418,685 and \$314,979, 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, 2018 and December 31, 2017 amounted to \$103,706 and \$79,861, respectively.

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

Year Ending December 31,	
2019	\$ 61,775
2020	46,700
2021	12,390
Total	\$ 120,865

Note 10. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions include net assets designated by the Organization's Board of Directors. The Board designated quasi-endowment fund and the Board 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 Board has the right at any time to authorize expenditures in accord with the applicable spending policy.

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

The Board designated reserve funds are invested in mutual funds, equity securities, government securities and corporate bonds. These investments are stated at fair value which is the value of the assets based on quoted market prices as of the last day of the fiscal year. Purchases and sales of securities are recorded on a trade-date basis.

December 31, 2018	Unrestricted
Available for operations	\$ 310,670
Board designated quasi-endowment	9,095,949
Board designated strategic reserve	1,195,834
Total	\$ 10,602,453

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

	Without Donor Restrictions
Board designated quasi-endowment net assets, beginning	\$ 10,157,731
Contributions	-
Investment return	189,943
Net realized and unrealized gains (loss)	(645,408)
Fees	(58,334)
Expenditures	(547,983)
Board designated quasi-endowment net assets, ending	\$ 9,095,949

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

	Without Donor Restrictions
Board designated strategic reserve net assets, beginning	\$ 1,183,382
Contributions	1,100,000
Investment return	24,972
Net realized and unrealized gain (loss)	(84,851)
Fees	(7,669)
Expenditures	(1,020,000)
Board designated strategic reserve net assets, ending	\$ 1,195,834

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

December 31, 2017	Without Donor Restrictions
Available for operations	\$ 799,231
Board designated quasi-endowment	10,157,731
Board designated strategic reserve	1,183,382
Total	\$ 12,140,344

Changes in board designated quasi-endowment net assets for the year ended December 31, 2017:

	Without Donor Restrictions
Board designated quasi-endowment net assets, beginning	\$ -
Contributions	10,045,128
Investment return	95,853
Unrealized gain	266,100
Expenditures	(249,350)
Board designated quasi-endowment net assets, ending	\$ 10,157,731

Changes in board designated strategic reserves net assets for the year ended December 31, 2017:

	Without Donor Restrictions
Board designated strategic reserve net assets, beginning	\$ -
Contributions	1,170,666
Investment return	11,167
Unrealized gain	1,549
Expenditures	-
Board designated strategic reserve net assets, ending	\$ 1,183,382

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Note 11. NET ASSETS WITH DONOR RESTRICTIONS:

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

	December 31, 2017	Contributions and Income	Reclassification	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	2,464	-	(27,303)	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	\$ 6,393,774	\$ 1,742,635	\$ -	\$ (1,765,026)	\$ 6,371,383

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

Net assets with donor restrictions at December 31, 2017 consisted of the following:

	December 31, 2016	Contributions and Income	Reclassification	Released from Restrictions	December 31, 2017
Endowment funds - corpus	\$ 250,000	\$ 155,500	\$ 1,137,000	\$ -	\$ 1,542,500
Endowment Funds-earnings	242,672	85,886	-	(10,000)	318,558
Time-restricted:					
Bowes	1,000,000	-	-	(1,000,000)	-
Lurie	281,715	7,897	-	(100,000)	189,612
Jamieson	1,840	160	-	(625)	1,375
Marcus	-	3,784,740	-	-	3,784,740
Miscellaneous	33,218	20,364	-	(18,130)	35,452
Strategic Reserves	988,262	-	-	(664,337)	323,925
Strategic Reserves - D & C	-	164,132	-	(150,000)	14,132
Marcus Challenge Grant	326,134	-	-	(326,134)	-
President's Council	264,965	2,200	-	(144,320)	122,845
Endowment income - Bowes					
Endowment income -other					
Ambassador Fund	63,252	-	-	(40,239)	23,013
Infrastructure Training-2017/2018	-	35,000	-	(21,853)	13,147
Peggy Olsen Fund	12,225	-	-	-	12,225
Semel fund	-	500	-	-	500
Quasi Endowment - Legacy	-	45,129	-	(45,129)	-
Travelling Peace Academy	-	10,000	-	-	10,000
Hospitality Fund	1,137,000	-	(1,137,000)	-	-
Elder - Youth Initiative	5,000	2,000	-	(5,250)	1,750
URI - Africa	-	20	-	(20)	-
URI - Asia	-	750	-	(750)	-
URI - Europe	-	25	-	(25)	-
URI - LATAM	-	250	-	(250)	-
URI - MENA	-	1,250	-	(1,250)	-
URI - North America	-	12,525	-	(12,525)	-
URI - YLP	-	500	-	(500)	-
2017 Infrastructure development	-	60,000	-	(60,000)	-
Miscellaneous	114	-	-	(114)	-
Totals	<u>\$ 4,606,397</u>	<u>\$ 4,388,828</u>	<u>\$ -</u>	<u>\$ (2,601,451)</u>	<u>\$ 6,393,774</u>

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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 \$2,251,945, 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.

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 was a deficiency of \$82,159 at December 31, 2018 and no deficiencies at December 31, 2017.

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.

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Note 12. ENDOWMENT FUND (CONTINUED):

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.

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, 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 gains (realized and unrealized)	(165,523)
Fees	<u>(12,939)</u>
Endowment net assets, December 31, 2018	<u>\$ 2,716,054</u>

Changes in endowment net assets for the year ended December 31, 2017:

	<u>With Donor Restrictions</u>
Endowment net assets, beginning	\$ 492,671
Contributions	155,500
Reclassification - Hospitality Fund	1,137,000
Releases	(10,000)
Interest and dividends	46,206
Net gains (realized and unrealized)	<u>39,679</u>
Endowment net assets, December 31, 2017	<u>\$ 1,861,056</u>

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Note 13. FUNDRAISING EVENT:

The following is a summary of revenues and expenses related to the 2018 and 2017 Circle of Light events:

	December 31,	
	2018	2017
Revenues and contributions:		
Donations	\$ 117,210	\$ 129,186
In-kind donation	-	5,880
Sponsorships and revenue	166,205	154,295
Total revenues and contributions	283,415	289,361
Less expenses	(105,945)	(108,293)
Net income from fundraising event	\$ 177,470	\$ 181,068

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, 2018 and December 31, 2017 amounted to \$34,441 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, 2018 and March 31, 2017 (the Plan year) were 9% of the participant's compensation. Selected information regarding the Plan are as follows:

	March 31,	
	2018	2017
Net assets available for benefits	\$ 178,658,579	\$ 164,625,629
Actuarial present value of accumulated plan benefits	\$ 215,473,000	\$ 200,054,000
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.

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DECEMBER 31, 2018 AND DECEMBER 31, 2017

Note 14. RETIREMENT PLAN (CONTINUED):

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%.

Total contribution expense to the Plan for the years ended December 31, 2018 and December 31, 2017 amounted to \$91,816 and \$87,451, 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. The Organization has the ability to exercise a one-time early termination option in April 2020. Total rent expense (including building operating expenses) for the years ended December 31, 2018 and December 31, 2017 amounted to \$196,426 and \$183,204, 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:

Year Ending December 31,	
2019	\$ 199,631
2020	199,979
2021	202,861
2022	<u>67,762</u>
	<u>\$ 670,233</u>

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SUPPLEMENTARY INFORMATION

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COMBINING STATEMENT OF FINANCIAL POSITION – DECEMBER 31, 2018

<u>ASSETS</u>	United Religions Initiative	United Religions Initiative Foundation	Eliminations	Total
CURRENT:				
Cash and cash equivalents	\$ 933,880	\$ -	\$ -	\$ 933,880
Investments	4,481	-	-	4,481
Current portion of pledges receivable	131,103	1,000,000	-	1,131,103
Other receivables	11,528	-	-	11,528
Prepaid expenses and other assets	51,845	-	-	51,845
TOTAL CURRENT ASSETS	1,132,837	1,000,000	-	2,132,837
LONG-TERM:				
Due to/from Foundation	-	-	-	-
Investments restricted for long-term purposes	-	12,471,428	-	12,471,428
Investments held by Foundation	194,053	-	(194,053)	-
Pledges receivable	189,268	2,141,190	-	2,330,458
Equipment and improvements - net	16,961	-	-	16,961
Intangible assets - net	120,865	-	-	120,865
Beneficial interest Foundation	15,418,565	-	(15,418,565)	-
Deposits	17,094	-	-	17,094
TOTAL ASSETS	\$ 17,089,643	\$ 15,612,618	\$ (15,612,618)	\$ 17,089,643
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 34,915	\$ -	\$ -	\$ 34,915
Deferred revenue	5,000	-	-	5,000
Accrued vacation	75,892	-	-	75,892
TOTAL CURRENT LIABILITIES	115,807	-	-	115,807
LONG-TERM:				
Investments held for Initiative	-	194,053	(194,053)	-
TOTAL LIABILITIES	115,807	194,053	(194,053)	115,807
NET ASSETS:				
Without restrictions	10,411,798	9,117,998	(8,927,343)	10,602,453
With restrictions	6,562,038	6,300,567	(6,491,222)	6,371,383
TOTAL NET ASSETS	16,973,836	15,418,565	(15,418,565)	16,973,836
TOTAL LIABILITIES AND NET ASSETS	\$ 17,089,643	\$ 15,612,618	\$ (15,612,618)	\$ 17,089,643

See notes to combined financial statements.

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COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	United Religions Initiative	United Religions Initiative Foundation	Eliminations	Total
OPERATING REVENUE AND SUPPORT:				
Grants and contributions	\$ 1,455,400	\$ 806,450	\$ -	\$ 2,261,850
Grant income from URI Foundation	1,657,157	-	(1,657,157)	-
In-kind contributions	44,417	-	-	44,417
Fundraising event income - net of expenses of \$105,945	177,470	-	-	177,470
Investment return, net of expenses	(4,234)	(708,483)	-	(712,717)
Other income	2,467	-	-	2,467
Equity in net earnings of Foundation	(959,787)	-	959,787	-
TOTAL OPERATING REVENUE AND SUPPORT	2,372,890	97,967	(697,370)	1,773,487
OPERATING EXPENSES:				
Program Services:				
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
Grant payment from URI Foundation	-	1,657,157	(1,657,157)	-
Total program services	2,487,583	1,657,157	(1,657,157)	2,487,583
Supporting Services:				
Management and general	283,913	597	-	284,510
Fundraising	561,676	-	-	561,676
Total supporting services	845,589	597	-	846,186
TOTAL OPERATING EXPENSES	3,333,172	1,657,754	(1,657,157)	3,333,769
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	(960,282)	(1,559,787)	959,787	(1,560,282)
OTHER CHANGES IN NET ASSETS:				
Transfer of assets to URI Foundation	(600,000)	600,000	-	-
INCREASE (DECREASE) IN NET ASSETS	(1,560,282)	(959,787)	959,787	(1,560,282)
NET ASSETS, beginning of year	18,534,118	16,378,352	(16,378,352)	18,534,118
NET ASSETS, end of year	\$ 16,973,836	\$ 15,418,565	\$ (15,418,565)	\$ 16,973,836

See notes to combined financial statements.