

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

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND DECEMBER 31, 2020



Advisory Assurance Tax Private Client

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 (a California nonprofit corporation doing business as United Religions Initiative) and its affiliate, which comprise the combined statements of financial position as of December 31, 2021, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2021 combined financial statements referred to above present fairly, in all material respects, the financial position of United Religions as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements as of December 31, 2020, were audited by RINA Accountancy LLP, who merged with Aprio, LLP as of August 1, 2022, and whose report dated April 11, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

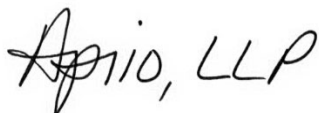
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Religions' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Religions' ability to continue as a going concern for a reasonable period of time.

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

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, 2021 and the combining statement of activities for the year ended December 31, 2021 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 black ink that reads "Aprio, LLP". The signature is written in a cursive, slightly stylized font.

San Francisco, California
April 18, 2023

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF FINANCIAL POSITION

| <u>ASSETS</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|--|--------------------------|--------------------------|
| CURRENT: | | |
| Cash and cash equivalents | \$ 1,494,543 | \$ 782,946 |
| Investments | 9,663 | 3,112 |
| Current portion of pledges receivable | 45,175 | 1,174,990 |
| Prepaid expenses and other assets | 87,496 | 73,147 |
| | <hr/> | <hr/> |
| TOTAL CURRENT ASSETS | 1,636,877 | 2,034,195 |
| OTHER: | | |
| Investments restricted for long-term purposes | 16,973,650 | 16,217,119 |
| Pledges receivable | - | 105,849 |
| Equipment and improvements, net | 9,428 | 7,187 |
| Intangible assets, net | 36,814 | 102,803 |
| Deposits | 17,094 | 17,094 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 18,673,863</u> | <u>\$ 18,484,247</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | \$ 128,168 | \$ 86,752 |
| Paycheck Protection Program loan - current portion | 275,735 | 32,847 |
| Accrued vacation | 87,790 | 110,190 |
| Deferred revenue | 5,000 | 12,877 |
| | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | 496,693 | 242,666 |
| LONG-TERM: | | |
| Paycheck Protection Program loan | - | 242,888 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES | 496,693 | 485,554 |
| NET ASSETS: | | |
| Without donor restrictions | 12,203,026 | 12,135,994 |
| With donor restrictions | 5,974,144 | 5,862,699 |
| | <hr/> | <hr/> |
| TOTAL NET ASSETS | 18,177,170 | 17,998,693 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 18,673,863</u> | <u>\$ 18,484,247</u> |

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------------|
| SUPPORT AND OPERATING REVENUE: | | | |
| SUPPORT: | | | |
| Grants and contributions | \$ 780,874 | \$ 1,163,528 | \$ 1,944,402 |
| In-kind contributions | 11,701 | - | 11,701 |
| Fundraising event, net | 52,638 | - | 52,638 |
| Net assets released from restrictions | 1,482,510 | (1,482,510) | - |
| TOTAL SUPPORT | 2,327,723 | (318,982) | 2,008,741 |
| REVENUE: | | | |
| Investment return, net of expenses | 887,556 | 430,427 | 1,317,983 |
| Other income | 5,013 | - | 5,013 |
| TOTAL REVENUE | 892,569 | 430,427 | 1,322,996 |
| TOTAL SUPPORT AND OPERATING REVENUE | 3,220,292 | 111,445 | 3,331,737 |
| OPERATING EXPENSES: | | | |
| Program expenses: | | | |
| Global Community Development | 1,565,698 | - | 1,565,698 |
| Global Council | 319,098 | - | 319,098 |
| Communications | 273,521 | - | 273,521 |
| Education and Outreach | 279,593 | - | 279,593 |
| Environment | 28,914 | - | 28,914 |
| Total program services | 2,466,824 | - | 2,466,824 |
| Supporting services: | | | |
| Management and general | 321,466 | - | 321,466 |
| Foundation | 52,908 | - | 52,908 |
| Fundraising | 312,062 | - | 312,062 |
| Total supporting services | 686,436 | - | 686,436 |
| TOTAL OPERATING EXPENSES | 3,153,260 | - | 3,153,260 |
| CHANGE IN NET ASSETS | 67,032 | 111,445 | 178,477 |
| NET ASSETS, beginning of year | 12,135,994 | 5,862,699 | 17,998,693 |
| NET ASSETS, end of year | \$ 12,203,026 | \$ 5,974,144 | \$ 18,177,170 |

See notes to combined financial statements.

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

YEAR ENDED DECEMBER 31, 2020

| | Without Donor Restriction | With Donor Restrictions | Total |
|---------------------------------------|------------------------------|----------------------------|----------------------|
| SUPPORT AND OPERATING REVENUE: | | | |
| SUPPORT: | | | |
| Grants and contributions | \$ 813,950 | \$ 1,275,936 | \$ 2,089,886 |
| In-kind contributions | 18,329 | - | 18,329 |
| Fundraising event, net | 86,406 | - | 86,406 |
| Net assets released from restrictions | 1,527,265 | (1,527,265) | - |
| | 2,445,950 | (251,329) | 2,194,621 |
| REVENUE: | | | |
| Investment return, net of expenses | 1,391,082 | 544,847 | 1,935,929 |
| Other income | 52,398 | - | 52,398 |
| | 1,443,480 | 544,847 | 1,988,327 |
| | 3,889,430 | 293,518 | 4,182,948 |
| OPERATING EXPENSES: | | | |
| Program expenses: | | | |
| Global Community Development | 1,555,529 | - | 1,555,529 |
| Global Council | 128,459 | - | 128,459 |
| Communications | 366,707 | - | 366,707 |
| Education and Outreach | 230,656 | - | 230,656 |
| Environment | 40,902 | - | 40,902 |
| | 2,322,253 | - | 2,322,253 |
| Supporting services: | | | |
| Management and general | 415,511 | - | 415,511 |
| Foundation expenses | 51,993 | - | 51,993 |
| Fundraising | 396,880 | - | 396,880 |
| | 864,384 | - | 864,384 |
| | 3,186,637 | - | 3,186,637 |
| CHANGE IN NET ASSETS | 702,793 | 293,518 | 996,311 |
| NET ASSETS, beginning of year | 11,433,201 | 5,569,181 | 17,002,382 |
| NET ASSETS, end of year | \$ 12,135,994 | \$ 5,862,699 | \$ 17,998,693 |

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

| | Program Services | | | | | Supportive Services | | | | Total |
|----------------------------------|---------------------|-------------------|-------------------|----------------------|------------------|------------------------|----------------------|------------------|-------------------|---------------------|
| | Global Programs | Global Council | Communications | Education & Outreach | Environment | Total Program Services | Management & General | Foundation | Fundraising | |
| Personnel: | | | | | | | | | | |
| Salaries | \$ 570,181 | \$ 92,340 | \$ 135,191 | \$ 180,364 | \$ 6,597 | \$ 984,673 | \$ 50,498 | \$ 34,723 | \$ 164,857 | \$ 1,234,751 |
| Severance | - | - | - | - | - | - | 21,167 | - | - | 21,167 |
| Payroll taxes | 30,868 | 6,768 | 9,973 | 13,424 | 2,284 | 63,317 | 8,991 | 1,983 | 12,754 | 87,045 |
| Employee benefits | 81,080 | 20,442 | 24,616 | 37,096 | 6,020 | 169,254 | 22,149 | 8,294 | 36,483 | 236,180 |
| Total personnel | 682,129 | 119,550 | 169,780 | 230,884 | 14,901 | 1,217,244 | 102,805 | 45,000 | 214,094 | 1,579,143 |
| Grants | 690,296 | - | - | 3,369 | - | 693,665 | - | - | - | 693,665 |
| Other professional services | 18,033 | 104,610 | 18,000 | 17,636 | - | 158,279 | 20,698 | - | 1,722 | 180,699 |
| Professional services | 16,930 | 3,108 | 54,377 | 6,063 | 1,295 | 81,773 | 20,821 | - | 21,111 | 123,705 |
| Occupancy | 61,809 | 14,834 | 9,889 | 8,653 | 6,181 | 101,366 | 4,687 | - | 12,362 | 118,415 |
| Other operating expenses | 34,411 | 6,748 | 6,073 | 3,238 | 677 | 51,147 | 14,184 | - | 44,315 | 109,646 |
| Legal fees | - | 56,569 | - | - | - | 56,569 | 41,992 | - | - | 98,561 |
| Depreciation and amortization | - | - | - | - | - | - | 70,005 | - | - | 70,005 |
| Accounting fees | 19,000 | 4,560 | 3,040 | 2,660 | 1,900 | 31,160 | 3,040 | 5,000 | 3,800 | 43,000 |
| Payroll fees | 12,820 | 3,077 | 2,051 | 1,795 | 1,282 | 21,025 | 247 | - | 2,564 | 23,836 |
| Insurance | 10,506 | 2,364 | 1,965 | 1,947 | 916 | 17,698 | 1,642 | - | 2,409 | 21,749 |
| Bank fees | - | - | - | - | - | - | 20,004 | - | - | 20,004 |
| Equipment rental and maintenance | 5,806 | 1,393 | 930 | 813 | 580 | 9,522 | 1,220 | - | 1,161 | 11,903 |
| Postage and shipping | 2,086 | 488 | 334 | 285 | 396 | 3,589 | 2,755 | - | 2,713 | 9,057 |
| Internet/Web | 4,929 | 381 | 254 | 400 | 159 | 6,123 | 2,560 | - | 332 | 9,015 |
| Telephone | 2,546 | 368 | 1,675 | 355 | 153 | 5,097 | 2,995 | - | 307 | 8,399 |
| Printing and copying | 344 | 58 | 4,975 | 1,386 | 32 | 6,795 | 38 | - | 1,534 | 8,367 |
| Travel - General | 1,932 | 39 | - | 109 | - | 2,080 | 5,225 | - | 228 | 7,533 |
| Supplies | - | 464 | 178 | - | 346 | 988 | 3,746 | - | 1,034 | 5,768 |
| Taxes, licenses and fees | - | - | - | - | - | - | 733 | 2,908 | - | 3,641 |
| Travel - Program | 1,519 | - | - | - | - | 1,519 | 1,887 | - | - | 3,406 |
| Global conference | - | 392 | - | - | - | 392 | - | - | 2,261 | 2,653 |
| Software purchase & maintenance | 602 | 10 | - | - | - | 612 | - | - | 115 | 727 |
| Meetings, workshops and training | - | 85 | - | - | 96 | 181 | 182 | - | - | 363 |
| Total other expenses | 883,569 | 199,548 | 103,741 | 48,709 | 14,013 | 1,249,580 | 218,661 | 7,908 | 97,968 | 1,574,117 |
| Total functional expenses | \$ 1,565,698 | \$ 319,098 | \$ 273,521 | \$ 279,593 | \$ 28,914 | \$ 2,466,824 | \$ 321,466 | \$ 52,908 | \$ 312,062 | \$ 3,153,260 |

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

| | Program Services | | | | | Supportive Services | | | | Total |
|----------------------------------|---------------------|-------------------|-------------------|----------------------|------------------|------------------------|----------------------|------------------|-------------------|---------------------|
| | Global Programs | Global Council | Communications | Education & Outreach | Environment | Total Program Services | Management & General | Foundation | Fundraising | |
| Personnel: | | | | | | | | | | |
| Salaries | \$ 507,857 | \$ 58,671 | \$ 221,025 | \$ 115,006 | \$ 17,146 | \$ 919,703 | \$ 150,457 | \$ 45,000 | \$ 258,043 | \$ 1,373,203 |
| Severance | - | - | - | - | - | - | 20,126 | - | - | 20,126 |
| Payroll taxes | 27,351 | 4,306 | 13,336 | 8,028 | 1,280 | 54,301 | 7,826 | - | 17,584 | 79,711 |
| Employee benefits | 79,008 | 15,562 | 39,747 | 23,182 | 3,462 | 160,962 | 26,869 | - | 53,759 | 241,590 |
| Total personnel | 614,216 | 78,539 | 274,109 | 146,216 | 21,888 | 1,134,966 | 205,277 | 45,000 | 329,386 | 1,714,629 |
| Grants | 640,840 | - | - | - | - | 640,840 | - | - | - | 640,840 |
| Occupancy | 102,286 | 24,548 | 16,365 | 14,319 | 10,228 | 167,746 | 16,700 | - | 20,456 | 204,902 |
| Professional services | 35,022 | 4,747 | 39,462 | 39,660 | 1,799 | 120,689 | 29,745 | - | 10,055 | 160,489 |
| Depreciation and amortization | - | - | - | - | - | - | 96,669 | - | - | 96,669 |
| Miscellaneous | 43,053 | 3,392 | 9,671 | 6,089 | 1,080 | 63,285 | 8,399 | - | 11,785 | 83,468 |
| Other professional services | 21,281 | 6,412 | 5,000 | 8,000 | 900 | 41,593 | - | - | 1,676 | 43,269 |
| Accounting fees | 16,709 | 2,912 | 3,113 | 2,349 | 1,161 | 26,244 | 2,912 | 5,000 | 3,844 | 38,000 |
| Travel - Program | 26,206 | - | - | - | - | 26,206 | 1,186 | - | - | 27,393 |
| Printing and copying | 1,788 | 134 | 10,528 | 9,678 | 47 | 22,175 | 252 | - | 3,016 | 25,443 |
| Legal fees | - | - | - | - | - | - | 22,329 | - | - | 22,329 |
| Payroll fees | 9,133 | 2,192 | 1,461 | 1,279 | 913 | 14,978 | 1,721 | - | 1,827 | 18,526 |
| Travel - General | 14,454 | - | - | - | 300 | 14,754 | 464 | - | 50 | 15,268 |
| Postage and shipping | 2,297 | 456 | 1,360 | 347 | 424 | 4,884 | 4,044 | - | 6,324 | 15,252 |
| Bank fees | - | - | - | - | - | - | 14,319 | - | 167 | 14,486 |
| Events/Programs/COL | 10,000 | - | - | - | - | 10,000 | - | - | 3,000 | 13,000 |
| Insurance | 4,132 | 789 | 2,353 | 1,291 | 206 | 8,771 | 1,379 | - | 2,632 | 12,782 |
| Equipment rental and maintenance | 5,279 | 1,267 | 845 | 739 | 528 | 8,658 | 845 | - | 1,056 | 10,558 |
| Internet/Web | 4,157 | 355 | 405 | 278 | 148 | 5,343 | 2,882 | - | 541 | 8,766 |
| Supplies | 1,861 | 1,333 | 681 | 139 | - | 4,013 | 2,778 | - | 188 | 6,979 |
| Telephone | 2,594 | 426 | 298 | 248 | 178 | 3,744 | 1,026 | - | 355 | 5,125 |
| Taxes, licenses and fees | - | - | - | - | - | - | 2,137 | 1,993 | - | 4,130 |
| Meetings, workshops and training | 176 | 948 | 81 | 25 | 705 | 1,935 | 447 | - | 104 | 2,487 |
| Software purchase & maintenance | - | 10 | 568 | - | 397 | 975 | - | - | 420 | 1,395 |
| Dues and subscriptions | 45 | - | 408 | - | - | 453 | - | - | - | 453 |
| Total other expenses | 941,313 | 49,921 | 92,598 | 84,441 | 19,015 | 1,187,287 | 210,235 | 6,993 | 67,494 | 1,472,008 |
| Total functional expenses | \$ 1,555,529 | \$ 128,459 | \$ 366,707 | \$ 230,656 | \$ 40,902 | \$ 2,322,253 | \$ 415,511 | \$ 51,993 | \$ 396,880 | \$ 3,186,637 |

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, 2021</u> | <u>Year Ended</u> <u>December 31, 2020</u> |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 178,477 | \$ 996,311 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 70,005 | 96,669 |
| Net realized and unrealized (gains) losses on investments | (1,069,694) | (1,726,562) |
| Donated stock | (33,964) | (9,078) |
| Donor restricted contributions held for long-term purposes | - | (537,299) |
| Changes in operating assets and liabilities: | | |
| Pledges receivable | 1,235,664 | 1,302,756 |
| Prepaid expenses and other assets | (14,349) | (25,323) |
| Accounts payable and accrued expenses | 41,416 | (15,715) |
| Accrued vacation | (22,400) | 48,003 |
| Deferred revenue | (7,877) | 10,966 |
| | <u>377,278</u> | <u>140,728</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of equipment | (6,257) | (7,724) |
| Purchases of intangible assets | - | (31,230) |
| Purchases of securities | (4,590,757) | (6,703,980) |
| Interest and dividends reinvested | - | (222,568) |
| Proceeds from sales of investments | 4,931,333 | 5,855,115 |
| | <u>334,319</u> | <u>(1,110,387)</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from Paycheck Protection Program loan | - | 275,735 |
| Donor restricted contributions held for long-term purposes | - | 537,299 |
| | <u>-</u> | <u>813,034</u> |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 711,597 | (156,625) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>782,946</u> | <u>939,571</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u><u>\$ 1,494,543</u></u> | <u><u>\$ 782,946</u></u> |

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
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NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2021 AND DECEMBER 31, 2020

Note 1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES:

With a purpose of promoting peace, justice and healing, United Religions Initiative (URI)'s network has grown to over 1,100 member groups in over 110 countries. These groups, called Cooperation Circles (CCs), are 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, URI Cooperation Circles participate in topics including interfaith dialogue, care for individuals in need, educating children, preventing violence against women, improving the environment, resolving conflicts, and negotiating peace – among many other local and global key issues.

Founded in 2000, URI is a 501(c)(3) international organization registered in the State of California. Its purpose is to promote enduring, daily interfaith cooperation, end religiously motivated violence and create cultures of peace, justice and healing. URI engages people at the grassroots level to build bridges of understanding across religious and cultural differences, working together for the good of their communities and the world. URI implements its 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 accordance with URI's purpose and principles, implement local initiatives, exchange inspiring 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 typically 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 actively participate via email and video conferencing. 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.

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NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2021 AND DECEMBER 31, 2020

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 21 years, URI has grown from 83 founding member organizations, called Cooperation Circles (CCs), to over 1,100 member groups in over 110 countries. 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, and must represent at least three different religions, spiritual expressions or indigenous traditions.

URI's organizational structure includes eight regions which are staffed by 18 regional coordinators who serve CCs through programmatic approaches, supervise regional team members, coordinate regional leadership teams and more. 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 local officials, organizing local and regional gatherings and trainings, and inspiring the development of 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, and regional team members.

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, lead the URI network and are supported by 15 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, 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 an Annual Impact Report, as well as other print, online and multimedia collateral for the network. In the digital 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 continually updates the website.

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.

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.

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):

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. The Organization 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.

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

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:

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:

- 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, 2021 and December 31, 2020. 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):

Intangible assets and amortization:

Capitalized costs of video content, website development and software are amortized on the straight-line method over an estimated useful life of three 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 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, 2021 and December 31, 2020, the Organization recognized \$11,701 and \$18,329, 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 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Recent accounting pronouncements:

In February 2016, the FASB issued *ASU 2016-02, Leases* (Topic 842). The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their Statement of Financial Position for all leases with lease terms longer than twelve months. The standard will be effective for non-public business entities for fiscal years beginning after December 15, 2021 with early application permitted. The Organization is currently evaluating the impact this guidance will have on its financial statements.

Date of management's review:

Management has evaluated events through April 18, 2023, 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:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments and pledges receivable. Cash was held in one financial institution in amounts exceeding the \$250,000 guaranteed amount of the Federal Deposit Insurance Corporation. At December 31, 2021, cash exceeded the guaranteed amount by \$1,232,248. At December 31, 2020, cash exceeded the guaranteed amount by \$563,698.

Cash equivalents and investments are held at brokerage firms in amounts which may exceed the guaranteed amount of the Securities Investor Protection Corporation.

During the year ended December 31, 2021, the Organization had three donors who accounted for 77% of the pledges receivable and three donors who accounted for 75% of public support. During the year ended December 31, 2020, the Organization had one donor who accounted for 78% of the pledges receivable and two donors who accounted for 58% of public support.

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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:

| | 2021 | 2020 |
|---|--------------|--------------|
| Cash and cash equivalents | \$ 1,494,543 | 782,946 |
| Investments | 9,663 | 3,112 |
| Pledges receivable - current portion | 45,175 | 1,174,990 |
| Investments - strategic reserve portion | 447,426 | 1,351,235 |
| Endowment spending availability: | | |
| Board designated quasi-endowment at 5% | 554,645 | 544,845 |
| Restricted endowment funds at 4% | 207,333 | 148,759 |
| Less donor-imposed restricted amount | (194,867) | (140,000) |
| Financial assets available | \$ 2,563,918 | \$ 3,865,887 |

The Organization utilizes funds from its endowments to support operations and strategic programs. In addition, contributions are received throughout the year which if not restricted by the donor can be used to fund general expenditures.

Note 6. PLEDGES RECEIVABLE:

Pledges receivable consist of the following:

| | December 31, 2021 | Current | Due in 2 - 5 Years | Total |
|-------------------|-------------------|--------------|--------------------------|--------------|
| Donor restricted: | | | | |
| Time-restricted | | \$ 45,175 | \$ - | \$ 45,175 |
| | | | | |
| | December 31, 2020 | Current | Due in 2 - 5 Years | Total |
| Donor restricted: | | | | |
| Time-restricted | | \$ 1,174,990 | \$ 105,849 | \$ 1,280,839 |

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Note 7. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

The major categories of assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2021 and December 31, 2020 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, 2021 and 2020, respectively:

| 2021 | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|----------------------|---------------------|-------------------|----------------------|
| Cash and money market funds | \$ 432,493 | \$ - | \$ - | \$ 432,493 |
| Fixed income securities | - | 2,251,702 | - | 2,251,702 |
| Mutual funds - bonds | 1,690,387 | - | - | 1,690,387 |
| Equities | 5,624,619 | - | - | 5,624,619 |
| Mutual funds - equities | 6,259,464 | - | - | 6,259,464 |
| REIT | 43,835 | - | - | 43,835 |
| Interest in LLC | - | - | 680,813 | 680,813 |
| Total assets at fair value | \$ 14,050,798 | \$ 2,251,702 | \$ 680,813 | \$ 16,983,313 |

| 2020 | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|----------------------|---------------------|-------------------|----------------------|
| Cash and money market funds | \$ 1,604,488 | \$ - | \$ - | \$ 1,604,488 |
| Fixed income securities | - | 2,302,640 | - | 2,302,640 |
| Mutual funds - bonds | 1,551,783 | - | - | 1,551,783 |
| Equities | 4,628,378 | - | - | 4,628,378 |
| Mutual funds - equities | 5,442,947 | - | - | 5,442,947 |
| REIT | 42,185 | - | - | 42,185 |
| Interest in LLC | - | - | 647,810 | 647,810 |
| Total assets at fair value | \$ 13,269,781 | \$ 2,302,640 | \$ 647,810 | \$ 16,220,231 |

Investment income consisted of the following for the years ended:

| | December 31, | |
|------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| Interest and dividends | \$ 359,869 | \$ 317,937 |
| Realized gains | 873,233 | 50,848 |
| Unrealized gains | 196,461 | 1,675,714 |
| Investment fees | (111,580) | (108,570) |
| Totals | \$ 1,317,983 | \$ 1,935,929 |

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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:

| | December 31, | |
|----------------------------|-------------------|-------------------|
| | 2021 | 2020 |
| Balance, beginning of year | \$ 647,810 | \$ 1,068,632 |
| Contributions | - | - |
| Withdrawals | - | (513,946) |
| Interest and dividends | - | 13,946 |
| Fees and taxes | (6,145) | (5,476) |
| Unrealized gain | 39,148 | 84,654 |
| Balance, end of year | <u>\$ 680,813</u> | <u>\$ 647,810</u> |

Note 8. EQUIPMENT AND IMPROVEMENTS:

Equipment and improvements consist of the following at December 31:

| | 2021 | 2020 |
|--------------------------------|------------------|------------------|
| Furniture and equipment | \$ 172,504 | \$ 166,247 |
| Leasehold improvements | 11,747 | 11,747 |
| | 184,251 | 177,994 |
| Less: accumulated depreciation | <u>(174,823)</u> | <u>(170,807)</u> |
| Totals | <u>\$ 9,428</u> | <u>\$ 7,187</u> |

Depreciation expense for the years ended December 31, 2021 and December 31, 2020 was \$4,016 and \$1,176, respectively.

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Note 9. INTANGIBLE ASSETS:

Intangible assets consist of the following at December 31:

| | 2021 | 2020 |
|-------------------------------|------------|------------|
| Video content | \$ 400,557 | \$ 400,557 |
| Website developments costs | 217,483 | 217,483 |
| Database | 82,311 | 82,311 |
| | 700,351 | 700,351 |
| Less accumulated amortization | (663,537) | (597,548) |
| Totals | \$ 36,814 | \$ 102,803 |

Amortization expense for the years ended December 31, 2021 and December 31, 2020 amounted to \$65,989 and \$95,493, respectively. Future amortization expense of intangibles is expected to be as follows:

| Year Ending December 31, | | |
|-----------------------------|----|--------|
| 2022 | \$ | 32,005 |
| 2023 | | 4,809 |
| Total | \$ | 36,814 |

Note 10. PAYCHECK PROTECTION PROGRAM LOAN:

In April 2020, the Organization received loan proceeds of \$275,735 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses. The Organization was informed that the loan would be partially forgiven in January, 2023.

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Note 11. 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.

The 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.

Net assets without donor restrictions consisted of the following for the years ended December 31, 2021 and 2020, respectively.

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Available for operations | \$ 857,572 | \$ 249,383 |
| Board designated quasi-endowment | 11,092,895 | 10,896,909 |
| Board designated strategic reserve | 447,426 | 1,351,235 |
| Donor restricted funds held in Strategic Reserve | <u>(194,867)</u> | <u>(361,533)</u> |
| Total Board designated | <u>11,345,454</u> | <u>11,886,611</u> |
| Total net assets without donor restriction | <u>\$ 12,203,026</u> | <u>\$ 12,135,994</u> |

Changes in board designated net assets for the years ended December 31, 2021 and 2020, respectively:

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Board designated net assets, beginning | \$ 11,886,611 | \$ 10,610,535 |
| Contributions | - | 1,333,002 |
| Investment return | 226,443 | 275,408 |
| Net realized and unrealized gains | 711,284 | 1,202,874 |
| Transfers | 148,568 | 12,707 |
| Fees | (77,451) | (83,930) |
| Expenditures | <u>(1,550,001)</u> | <u>(1,463,985)</u> |
| Board designated net assets, ending | <u>\$ 11,345,454</u> | <u>\$ 11,886,611</u> |

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Note 12. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following at December 31, 2021:

| | December 31, 2020 | Contributions and Income | Released from Restrictions | December 31, 2021 |
|----------------------------|----------------------|-----------------------------|-------------------------------|----------------------|
| Endowment funds - corpus | \$ 3,208,528 | \$ 1,043,928 | \$ - | \$ 4,252,456 |
| Endowment funds - earnings | 760,445 | 430,427 | (10,000) | 1,180,872 |
| Time-restricted: | | | | |
| Davidson | 191,048 | - | (191,048) | - |
| Marcus | 1,000,000 | - | (780,000) | 220,000 |
| McQuown | 100,000 | - | (100,000) | - |
| Miscellaneous | 24,250 | - | (24,250) | - |
| Strategic Reserves | 153,020 | - | (140,551) | 12,469 |
| Strategic Reserves - D & C | 14,132 | - | - | 14,132 |
| Kramer- Membership | 361,533 | - | (199,866) | 161,667 |
| Kramer - COL | 10,000 | - | (5,000) | 5,000 |
| Ambassador Fund | 15,268 | - | - | 15,268 |
| Peggy Olsen Fund | 12,225 | - | - | 12,225 |
| Semel Fund | 500 | - | - | 500 |
| Travelling Peace Academy | 10,000 | - | - | 10,000 |
| Porticus | - | 100,000 | (17,595) | 82,405 |
| Elder - Youth Initiative | 1,750 | - | - | 1,750 |
| UNEP - Asia | - | 5,000 | - | 5,000 |
| URI - Asia | - | 400 | - | 400 |
| URI - MENA | - | 1,000 | (1,000) | - |
| UNEP - Europe - Bosnia | - | 5,000 | (5,000) | - |
| UNEP - MENA - Lebanon | - | 5,000 | (5,000) | - |
| URI - YLP | - | 500 | (500) | - |
| URI - Voices | - | 2,700 | (2,700) | - |
| Totals | <u>\$ 5,862,699</u> | <u>\$ 1,593,955</u> | <u>\$ (1,482,510)</u> | <u>\$ 5,974,144</u> |

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Note 12. NET ASSETS WITH DONOR RESTRICTIONS (Continued):

Net assets with donor restrictions consisted of the following at December 31, 2020:

| | December 31, 2019 | Contributions and Income | Released from Restrictions | December 31, 2020 |
|----------------------------|----------------------|-----------------------------|-------------------------------|----------------------|
| Endowment funds - corpus | \$ 2,671,229 | \$ 537,299 | \$ - | \$ 3,208,528 |
| Endowment funds - earnings | 298,575 | 544,847 | (82,977) | 760,445 |
| Time-restricted: | | | | |
| Davidson | 257,192 | 53,080 | (119,224) | 191,048 |
| Marcus | 1,850,271 | 149,729 | (1,000,000) | 1,000,000 |
| McQuown | 192,914 | 7,086 | (100,000) | 100,000 |
| Miscellaneous | 54,405 | - | (30,155) | 24,250 |
| Strategic Reserves | 190,720 | - | (37,700) | 153,020 |
| Strategic Reserves - D & C | 14,132 | - | - | 14,132 |
| Kramer - Membership | - | 485,000 | (123,467) | 361,533 |
| Kramer - COL | - | 10,000 | - | 10,000 |
| Ambassador Fund | 15,268 | - | - | 15,268 |
| Peggy Olsen Fund | 12,225 | - | - | 12,225 |
| Semel Fund | 500 | - | - | 500 |
| Travelling Peace Academy | 10,000 | - | - | 10,000 |
| Porticus | - | 22,300 | (22,300) | - |
| Elder - Youth Initiative | 1,750 | - | - | 1,750 |
| URI - Africa | - | 600 | (600) | - |
| URI - Asia | - | 4,121 | (4,121) | - |
| URI - MENA | - | 600 | (600) | - |
| URI - North America | - | 4,121 | (4,121) | - |
| URI - YLP | - | 1,000 | (1,000) | - |
| URI - Voices | - | 1,000 | (1,000) | - |
| | <u>\$ 5,569,181</u> | <u>\$ 1,820,783</u> | <u>\$ (1,527,265)</u> | <u>\$ 5,862,699</u> |

Note 13. 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 \$2,431,528 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 \$1,570,928 (2021) and \$527,000 (2020) is a general endowment award. Income from it may be used for permissible purposes of the Organization. All three funds are classified as with donor restrictions.

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Note 13. 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, 2021 and 2020.

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 not-for-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 13. 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 5% 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, 2021:

| | |
|---|---------------------|
| Endowment net assets, January 1, 2021 | \$ 3,968,973 |
| Contributions | 1,043,928 |
| Transfers | 9,435 |
| Releases | (10,000) |
| Interest and dividends | 133,421 |
| Net gains (realized and unrealized) | 320,424 |
| Fees | <u>(32,853)</u> |
| Endowment net assets, December 31, 2021 | <u>\$ 5,433,328</u> |

Changes in endowment net assets for the year ended December 31, 2020:

| | |
|---|---------------------|
| Endowment net assets, January 1, 2020 | \$ 2,969,800 |
| Contributions | 537,299 |
| Transfers | 3,345 |
| Releases | (63,008) |
| Interest and dividends | 106,089 |
| Net gains (realized and unrealized) | 438,757 |
| Fees | <u>(23,309)</u> |
| Endowment net assets, December 31, 2020 | <u>\$ 3,968,973</u> |

Note 14. FUNDRAISING EVENT:

The following is a summary of revenues and expenses related to the 2021 and 2020 Circle of Light events:

| | <u>December 31,</u> | |
|-----------------------------------|---------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Revenues and contributions | \$ 70,970 | \$ 130,550 |
| Less expenses | <u>(18,332)</u> | <u>(44,144)</u> |
| Net income from fundraising event | <u>\$ 52,638</u> | <u>\$ 86,406</u> |

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Note 15. 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, 2021 and December 31, 2020 amounted to \$38,338 and \$35,388, 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, 2021 and March 31, 2020 (the Plan year) were 9% of the participant's compensation. Selected information regarding the Plan are as follows:

| | March 31, | |
|--|----------------|----------------|
| | 2021 | 2020 |
| Net assets available for benefits | \$ 165,524,173 | \$ 185,257,809 |
| Actuarial present value of accumulated plan benefits | \$ 240,746,000 | \$ 213,387,000 |
| 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%.

Total contribution expense to the 403(b) Plan for the years ended December 31, 2021 and December 31, 2020 amounted to \$67,264 and \$75,365, respectively.

Note 16. COMMITMENTS:

The Organization leases office space in San Francisco under a lease which expires in April 2023. The lease is shared with another organization, with each having joint liability. Monthly payments under the lease are \$18,040. The Organization's one-half share of minimum annual payments required under the lease is as follows:

| Year Ending December 31, | |
|-----------------------------|------------|
| 2022 | \$ 108,237 |
| 2023 | 27,059 |
| | \$ 135,296 |

Total rent expense (including building operating expenses) for the years ended December 31, 2021 and December 31, 2020 amounted to \$118,414 and \$204,902, respectively.

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Note 17. CONTINGENCIES:

The Organization is party to various matters that arise in the normal course of business. Management believes the resolution of these matters will not have a material impact on operations or tis financial position.

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SUPPLEMENTARY INFORMATION

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COMBINING STATEMENT OF FINANCIAL POSITION – DECEMBER 31, 2021

| <u>ASSETS</u> | United Religions Initiative | United Religions Initiative Foundation | Eliminations | Total |
|---|-----------------------------------|---|------------------------|----------------------|
| CURRENT: | | | | |
| Cash and cash equivalents | \$ 1,494,543 | \$ - | \$ - | \$ 1,494,543 |
| Investments | 9,663 | - | - | 9,663 |
| Current portion of pledges receivable | 45,175 | - | - | 45,175 |
| Due to/ from URI | (1,000,000) | 1,000,000 | - | - |
| Prepaid expenses and other assets | 87,496 | - | - | 87,496 |
| TOTAL CURRENT ASSETS | 636,877 | 1,000,000 | - | 1,636,877 |
| LONG-TERM: | | | | |
| Investments restricted for long-term purposes | - | 16,973,650 | - | 16,973,650 |
| Investments held by Foundation | 399,992 | - | (399,992) | - |
| Pledges receivable | - | - | - | - |
| Equipment and improvements, net | 9,428 | - | - | 9,428 |
| Intangible assets, net | 36,814 | - | - | 36,814 |
| Beneficial interest in Foundation | 17,573,658 | - | (17,573,658) | - |
| Deposits | 17,094 | - | - | 17,094 |
| TOTAL ASSETS | \$ 18,673,863 | \$ 17,973,650 | \$ (17,973,650) | \$ 18,673,863 |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| CURRENT LIABILITIES: | | | | |
| Accounts payable and accrued expenses | \$ 128,168 | \$ - | \$ - | \$ 128,168 |
| Paycheck Protection Program loan | 275,735 | - | - | 275,735 |
| Accrued vacation | 87,790 | - | - | 87,790 |
| Deferred revenue | 5,000 | - | - | 5,000 |
| TOTAL CURRENT LIABILITIES | 496,693 | - | - | 496,693 |
| LONG-TERM: | | | | |
| Investments held for Initiative | - | 399,992 | (399,992) | - |
| TOTAL LIABILITIES | 496,693 | 399,992 | (399,992) | 496,693 |
| NET ASSETS: | | | | |
| Without restrictions | 12,203,026 | 12,140,330 | (12,140,330) | 12,203,026 |
| With restrictions | 5,974,144 | 5,433,328 | (5,433,328) | 5,974,144 |
| TOTAL NET ASSETS | 18,177,170 | 17,573,658 | (17,573,658) | 18,177,170 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 18,673,863 | \$ 17,973,650 | \$ (17,973,650) | \$ 18,673,863 |

See independent auditors' report and notes to combined financial statements.

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COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

| | United Religions Initiative | United Religions Initiative Foundation | Eliminations | Total |
|---|-----------------------------------|---|------------------------|----------------------|
| OPERATING REVENUE AND SUPPORT: | | | | |
| Grants and contributions | \$ 900,474 | \$ 1,043,928 | \$ - | \$ 1,944,402 |
| Grant income from URI Foundation | 1,385,000 | - | (1,385,000) | - |
| In-kind contributions | 11,701 | - | - | 11,701 |
| Fundraising event income - net of expenses of \$18,332 | 52,638 | - | - | 52,638 |
| Investment return, net of expenses | 27,894 | 1,290,089 | - | 1,317,983 |
| Other income | 5,013 | - | - | 5,013 |
| Equity in net earnings of Foundation | 896,109 | - | (896,109) | - |
| TOTAL OPERATING REVENUE AND SUPPORT | 3,278,829 | 2,334,017 | (2,281,109) | 3,331,737 |
| OPERATING EXPENSES: | | | | |
| Program Services: | | | | |
| Global community development | 1,565,698 | - | - | 1,565,698 |
| Global council | 319,098 | - | - | 319,098 |
| Communications | 273,521 | - | - | 273,521 |
| Education and outreach | 279,593 | - | - | 279,593 |
| Environment | 28,914 | - | - | 28,914 |
| Grant payment to URI Foundation | - | 1,385,000 | (1,385,000) | - |
| Total program services | 2,466,824 | 1,385,000 | (1,385,000) | 2,466,824 |
| Supporting Services: | | | | |
| Management and general Foundation | 321,466 | - | - | 321,466 |
| | - | 52,908 | - | 52,908 |
| Fundraising | 312,062 | - | - | 312,062 |
| Total supporting services | 633,528 | 52,908 | - | 686,436 |
| TOTAL OPERATING EXPENSES | 3,100,352 | 1,437,908 | (1,385,000) | 3,153,260 |
| INCREASE IN NET ASSETS | 178,477 | 896,109 | (896,109) | 178,477 |
| NET ASSETS, beginning of year | 17,998,693 | 16,677,549 | (16,677,549) | 17,998,693 |
| NET ASSETS, end of year | \$ 18,177,170 | \$ 17,573,658 | \$ (17,573,658) | \$ 18,177,170 |

See independent auditors' report and notes to combined financial statements.