

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

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND DECEMBER 31, 2016



UNITED RELIGIONS
dba UNITED RELIGIONS INITIATIVE
And Its Affiliate

TABLE OF CONTENTS
DECEMBER 31, 2017 AND DECEMBER 31, 2016

	Page(s)
Independent auditors' report	2 - 3
Combined statements of financial position	4
Combined statements of activities	5 - 6
Combined statements of functional expenses	7 - 8
Combined statements of cash flows	9
Notes to combined financial statements	10 - 25
Supplementary information:	
Combining statement of financial position	27
Combining statement of activities	28



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, 2017 and December 31, 2016, 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, 2017 and December 31, 2016, 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 consolidating statement of financial position and consolidating 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.

Handwritten signature in cursive script that reads "RMA accountancy corporation".

Certified Public Accountants

San Francisco, California
July 25, 2018

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
CURRENT:		
Cash and cash equivalents	\$ 1,117,953	\$ 643,004
Investments	5,426	2,227,436
Current portion of pledges receivable	794,739	1,650,243
Other receivables	3,437	3,437
Prepaid expenses and other assets	61,515	45,684
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	1,983,070	4,569,804
OTHER:		
Investments restricted for long-term purposes	12,602,170	1,123,143
Pledges receivable	3,881,376	198,389
Equipment and improvements, net	20,115	30,573
Intangible assets, net	179,971	157,721
Deposits	24,369	17,094
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 18,691,071</u>	<u>\$ 6,096,724</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 51,132	\$ 41,229
Accrued vacation	77,421	56,168
Deferred revenue	28,400	12,095
	<hr/>	<hr/>
TOTAL LIABILITIES (ALL CURRENT)	156,953	109,492
NET ASSETS:		
Unrestricted:		
Undesignated	799,231	1,380,835
Board of Directors designated quasi-endowment	10,157,731	-
Board of Directors strategic reserve fund	1,183,382	-
	<hr/>	<hr/>
Total unrestricted net assets	12,140,344	1,380,835
Temporarily restricted	4,851,274	4,356,397
Permanently restricted	1,542,500	250,000
	<hr/>	<hr/>
TOTAL NET ASSETS	18,534,118	5,987,232
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,691,071</u>	<u>\$ 6,096,724</u>

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND OPERATING REVENUE:				
SUPPORT:				
Grants and contributions	\$ 11,421,506	\$ 4,147,443	\$ 155,500	\$ 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)	-	-
TOTAL SUPPORT	14,218,099	1,545,992	155,500	15,919,591
REVENUE:				
Interest and dividends	67,163	46,206	-	113,369
Net realized and unrealized gain on investments	356,937	39,679	-	396,616
Other loss	(205)	-	-	(205)
TOTAL REVENUE	423,895	85,885	-	509,780
TOTAL SUPPORT AND OPERATING REVENUE	14,641,994	1,631,877	155,500	16,429,371
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
Total program services	3,124,602	-	-	3,124,602
Supporting services:				
Management and general	285,673	-	-	285,673
Fundraising	472,210	-	-	472,210
Total supporting services	757,883	-	-	757,883
TOTAL OPERATING EXPENSES	3,882,485	-	-	3,882,485
CHANGE IN NET ASSETS	10,759,509	1,631,877	155,500	12,546,886
OTHER CHANGES IN NET ASSETS:				
Reclassification of net assets	-	(1,137,000)	1,137,000	-
NET ASSETS, beginning of year	1,380,835	4,356,397	250,000	5,987,232
NET ASSETS, end of year	\$ 12,140,344	\$ 4,851,274	\$ 1,542,500	\$ 18,534,118

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINED STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND OPERATING REVENUE:				
SUPPORT:				
Grants and contributions	\$ 462,988	\$ 1,780,908	\$ -	\$ 2,243,896
In-kind contributions	64,725	-	-	64,725
Fundraising event, net	140,331	-	-	140,331
Net assets released from restrictions	1,775,219	(1,775,219)	-	-
TOTAL SUPPORT	2,443,263	5,689	-	2,448,952
REVENUE:				
Interest and dividends	942	25,696	-	26,638
Net realized and unrealized loss on investments	(10,381)	73,085	-	62,704
Other income	897	-	-	897
TOTAL REVENUE	(8,542)	98,781	-	90,239
TOTAL SUPPORT AND OPERATING REVENUE	2,434,721	104,470	-	2,539,191
OPERATING EXPENSES:				
Program expenses:				
Global Community Development	2,035,482	-	-	2,035,482
Global Council	122,802	-	-	122,802
Communications	411,512	-	-	411,512
Education and Outreach	114,187	-	-	114,187
Environment	105,374	-	-	105,374
Peace Building	5,207	-	-	5,207
Total program services	2,794,564	-	-	2,794,564
Supporting services:				
Management and general	286,540	-	-	286,540
Fundraising	376,060	-	-	376,060
Total supporting services	662,600	-	-	662,600
TOTAL OPERATING EXPENSES	3,457,164	-	-	3,457,164
CHANGE IN NET ASSETS	(1,022,443)	104,470	-	(917,973)
NET ASSETS, beginning of year	2,403,278	4,251,927	250,000	6,905,205
NET ASSETS, end of year	\$ 1,380,835	\$ 4,356,397	\$ 250,000	\$ 5,987,232

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services						Total Program Services	Supportive Services		Total
	Global Community Development	Global Council	Communications	Education & Outreach	Environment	Peace Building		Management & General	Fundraising	
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 & 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
Investment Fees	-	-	-	-	-	-	-	14,464	-	14,464
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	-	727	2,206	5,124	8,057
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	157,571	70,593	1,883,603
Total functional expenses	\$ 2,056,414	\$ 364,822	\$ 464,240	\$ 108,852	\$ 129,217	\$ 1,057	\$ 3,124,602	\$ 285,673	\$ 472,210	\$ 3,882,485

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services						Total Program Services	Supportive Services		Total
	Global Community Development	Global Council	Communications	Education & Outreach	Environment	Peace Building		Management & General	Fundraising	
Personnel:										
Salaries	\$ 697,464	\$ 41,821	\$ 242,810	\$ 73,013	\$ -	\$ 3,110	\$ 1,058,218	\$ 93,107	\$ 230,170	\$ 1,381,495
Severance	-	-	-	-	-	-	-	14,726	7,500	22,226
Payroll taxes	47,638	2,948	17,496	5,124	-	192	73,398	6,929	17,012	97,339
Employee benefits	134,821	9,352	41,920	6,465	-	760	193,318	20,580	41,763	255,661
Total personnel	879,923	54,121	302,226	84,602	-	4,062	1,324,934	135,342	296,445	1,756,721
Grants	875,563	-	-	4,000	-	-	879,563	-	-	879,563
Occupancy	88,538	21,249	14,166	12,395	8,854	-	145,202	14,163	17,708	177,072
Depreciation	-	-	-	-	-	-	-	77,113	-	77,113
Professional services	7,816	1,591	23,344	928	35,839	-	69,518	2,111	5,408	77,038
Legal fees	28,156	6,757	4,505	3,942	2,816	-	46,175	12,919	5,631	64,725
Miscellaneous	29,331	1,572	6,221	1,570	1,570	-	40,264	4,443	6,704	51,411
Other professional services	5,773	12,400	768	-	21,800	-	40,741	625	6,144	47,510
Travel - Program	33,400	1,763	-	-	5,577	948	41,688	-	-	41,688
Travel - General	18,606	5,018	431	-	11,659	172	35,887	-	-	35,887
Meetings and Workshops, Training	10,737	2,691	2,532	-	9,083	-	25,042	2,617	6,560	34,218
Internet/Web	585	140	29,898	82	201	-	30,907	103	596	31,606
Printing & Copying	5,931	1,787	14,209	471	547	-	22,945	712	7,674	31,332
Equipment Rental and Maintenance	11,600	2,784	2,805	1,624	1,724	-	20,537	2,842	2,320	25,699
Accounting fees	12,750	3,060	2,040	1,785	1,275	-	20,910	2,040	2,550	25,500
Telephone	10,763	3,341	821	736	2,106	-	17,767	1,960	1,193	20,919
Payroll fees	9,419	2,261	1,507	1,319	942	-	15,447	1,507	1,884	18,837
Supplies	721	360	1,687	119	331	-	3,218	13,144	839	17,200
Bank fees	486	18	-	-	4	-	509	12,370	-	12,878
Insurance	5,273	352	1,720	615	887	25	8,873	751	2,034	11,658
Postage and shipping	111	1,375	(35)	-	159	-	1,610	1,595	5,352	8,557
Software purchase & maintenance	-	-	2,561	-	-	-	2,561	-	3,924	6,485
Dues and subscriptions	-	162	106	-	-	-	268	-	1,601	1,869
Events/Programs/COL	-	-	-	-	-	-	-	-	1,471	1,471
Taxes, licenses and fees	-	-	-	-	-	-	-	185	25	210
Total other expenses	1,155,559	68,681	109,286	29,585	105,374	1,145	1,469,630	151,198	79,615	1,700,444
Total functional expenses	\$ 2,035,482	\$ 122,802	\$ 411,512	\$ 114,187	\$ 105,374	\$ 5,207	\$ 2,794,564	\$ 286,540	\$ 376,060	\$ 3,457,164

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, 2017</u>	<u>Year Ended</u> <u>December 31, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 12,546,886	\$ (917,973)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	90,166	77,113
Net realized and unrealized (gains) loss on investments	(396,956)	(62,663)
Donated stock	(12,071)	(306,786)
Loss on asset disposal	300	-
Permanently restricted contributions	(155,500)	-
Changes in operating assets and liabilities:		
Pledges receivable	(2,827,483)	496,449
Other receivables	-	7,383
Prepaid expenses and other assets	(15,831)	(6,514)
Deposits	(7,275)	-
Accounts payable and accrued expenses	31,156	(13,672)
Deferred revenue	16,305	7,095
	<u>9,269,697</u>	<u>(719,568)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	-	(11,217)
Purchases of intangible assets	(102,258)	(38,217)
Purchases of securities	(11,908,295)	(2,227,283)
Interest and dividends reinvested	(112,445)	(25,848)
Proceeds from sales of investments	3,172,750	1,796,365
	<u>(8,950,248)</u>	<u>(506,200)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted contributions received	<u>155,500</u>	<u>-</u>
	<u>155,500</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	474,949	(1,225,768)
CASH AND CASH EQUIVALENTS, beginning of year	<u>643,004</u>	<u>1,868,772</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,117,953</u>	<u>\$ 643,004</u>

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 1. DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES:

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 17 years, URI has grown from 83 founding member organizations, called Cooperation Circles (CCs), to more than 900 groups in over 100 countries. Collectively, CCs have more than 600,000 members and touch the lives of 2.6 million people around the world. URI's unique global network of grassroots CCs calls forth locally initiated actions by self-supporting groups and organizations. CCs can be small groups organizing for the first time or well-established organizations. Every CC must have at least seven members, three of whom must be from a different religion, spiritual expression or indigenous tradition.

URI's organizational structure includes eight regions which are staffed by 17 regional coordinators who supervise regional staff, coordinate regional leadership teams that include trustees, and Cooperation Circle members. The primary work of the regional bases is to provide direct communication with and network support for CCs. Network benefits include: helping CCs build capacity, raising visibility for CC work, assisting CCs in creating partnerships, connecting with policy-makers, organizing local and regional gatherings and trainings, and seeding new CCs. CCs are inspired and sustained in their work by active participation in URI's vital network with other CCs with whom they generate connection, communication, co-mentoring and shared learning. URI's Global Support Office, which is based in San Francisco, provides accountability, training and consultation for regional coordinators, regional staff and regional leadership teams. URI's Global Support Office oversees the operations of the URI network, energizing the network by supporting regional leadership teams, creating a flow of quality information, maintaining a CC member database, managing finance, publicizing CC impact worldwide, engaging in fundraising, and

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

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

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.

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 to build effective partnerships between UN Development Goals and the work of CCs throughout the world.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

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

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.

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:

Professional accounting standards require that URI report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted net assets:

The portion of net assets that is not restricted by donor imposed stipulations or restrictions.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

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

Financial statement presentation (continued):

Temporarily restricted net assets:

The portion of net assets for which use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization.

Permanently restricted net assets:

The portion of net assets held in perpetuity by donor imposed stipulations. Investment income is available for donor stipulated purposes and is included in temporarily restricted net assets.

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:

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

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

Fair value (continued):

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

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

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

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

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

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 temporarily restricted net assets or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Management uses the specific identification method for establishing an allowance for uncollectible receivables. No allowance was deemed necessary at December 31, 2017 and December 31, 2016. It is the Organization's policy to charge off uncollectible grant and pledge receivables when management determines the receivable will not be collected.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

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, 2017 and December 31, 2016, the Organization recognized \$14,074 and \$64,725, 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

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 July 25, 2018, 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, 2017, the Organization had one donor who accounted for 81% of the pledges receivable and two donors who accounted for 90% of public support. During the year ended December 31, 2016, the Organization had three donors who accounted for 95% of the pledges receivable and two donors who accounted for 62% of public support.

Note 5. PLEDGES RECEIVABLE:

Pledges receivable consist of the following at December 31:

<u>December 31, 2017</u>	<u>Current</u>	<u>Due in 2 - 5 Years</u>	<u>Total</u>
Temporarily 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>
<u>December 31, 2016</u>	<u>Current</u>	<u>Due in 2 - 5 Years</u>	<u>Total</u>
Temporarily restricted:			
Time-restricted	\$ 1,650,243	\$ 217,384	\$ 1,867,627
Discount to net present value	-	(18,995)	(18,995)
Totals	<u>\$ 1,650,243</u>	<u>\$ 198,389</u>	<u>\$ 1,848,632</u>

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 5. PLEDGES RECEIVABLE (Continued):

Pledges receivable due after December 31, 2017 and December 31, 2016 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.

Note 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

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

December 31, 2017	Cost	Fair Market Value	Cumulative Unrealized Gain (Loss)
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>\$ 12,160,870</u>	<u>\$ 12,602,170</u>	<u>\$ 441,300</u>

December 31, 2016	Cost	Fair Market Value	Cumulative Unrealized Gain (Loss)
Dodge & Cox Balance Fund	\$ 369,061	\$ 492,671	\$ 123,610
Dodge & Cox Income Fund	452,637	412,253	(40,384)
Dodge & Cox Global Stock Fund	199,803	218,219	18,416
Totals	<u>\$ 1,021,501</u>	<u>\$ 1,123,143</u>	<u>\$ 101,642</u>

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 6. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued):

The major categories of assets and liabilities measured at fair value on a recurring basis during the years ended December 31, 2017 and December 31, 2016 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.

All of the Organization's investments are measured using quoted prices in active markets for identical assets (Level 1). No Level 2 or Level 3 investments were held during the years ended December 31, 2017 and December 31, 2016.

Investment income consisted of the following for the years ended December 31, 2017 and 2016:

	December 31,	
	2017	2016
Interest and dividends	\$ 113,369	\$ 26,638
Realized gain	78,973	11,879
Unrealized gain	317,643	50,825
Totals	\$ 509,985	\$ 89,342

Note 7. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at December 31:

	2017	2016
Furniture and equipment	\$ 156,603	\$ 157,472
Leasehold improvements	11,747	11,747
	168,350	169,219
Less: accumulated depreciation	(148,235)	(138,646)
Totals	\$ 20,115	\$ 30,573

Depreciation expense for the years ended December 31, 2017 and December 31, 2016 was \$10,305 and \$11,929, respectively.

Note 8. INTANGIBLE ASSETS:

Intangible assets consist of website development costs, software costs and video costs with a gross carrying amount of \$494,950 and \$392,839 at December 31, 2017 and December 31, 2016, respectively. Accumulated amortization at December 31, 2017 and December 31, 2016 was \$314,979 and \$235,118, respectively. Such costs are amortized on the straight-line method over an estimated useful life of three years for video and software costs and five years for website development costs. Amortization expense for the years ended December 31, 2017 and December 31, 2016 amounted to \$79,861 and \$65,184, respectively.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 8. INTANGIBLE ASSETS ((Continued):

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

Year Ending December 31,	
2018	\$ 101,229
2019	46,908
2020	<u>31,834</u>
Total	<u>\$ 179,971</u>

Note 9. UNRESTRICTED NET ASSETS:

Unrestricted net assets 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.

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.

<u>December 31, 2017</u>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated quasi-endowment	\$ 10,157,731	\$ -	\$ -	\$ 10,157,731
Board designated strategic reserve	<u>1,183,382</u>	<u>-</u>	<u>-</u>	<u>1,183,382</u>
Totals	<u>\$ 11,341,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,341,113</u>

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated quasi-endowment net assets, beginning	\$ -	\$ -	\$ -	\$ -
Contributions	10,045,128	-	-	10,045,128
Investment return	95,853	-	-	95,853
Unrealized gain	266,100	-	-	266,100
Expenditures	<u>(249,350)</u>	<u>-</u>	<u>-</u>	<u>(249,350)</u>
Board designated quasi-endowment net assets, ending	<u>\$ 10,157,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,157,731</u>

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 9. UNRESTRICTED NET ASSETS (Continued):

Change in board designated strategic reserve net assets for the year ended December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated strategic reserve net assets, beginning	\$ -	\$ -	\$ -	\$ -
Contributions	1,170,666	-	-	1,170,666
Investment return	11,167	-	-	11,167
Unrealized gain	1,549	-	-	1,549
Expenditures	-	-	-	-
Board designated strategic reserve net assets, ending	<u>\$ 1,183,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,183,382</u>

Note 10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at December 31, 2017 consisted of the following:

	December 31, 2016	Contributions and Income	Reclassification	Released from Restrictions	December 31, 2017
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	242,672	61,727	-	(10,000)	294,399
Endowment income -other	-	24,159	-	-	24,159
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>\$ 4,356,397</u>	<u>\$ 4,233,328</u>	<u>\$ (1,137,000)</u>	<u>\$ (2,601,451)</u>	<u>\$ 4,851,274</u>

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 10. TEMPORARILY RESTRICTED NET ASSETS (Continued):

Temporarily restricted net assets at December 31, 2016 consisted of the following:

	December 31, 2015	Contributions and Income	Released from Restrictions	December 31, 2016
Time-restricted:				
Bowes	\$ 1,949,845	\$ 50,155	\$ (1,000,000)	\$ 1,000,000
Lurie	376,379	5,336	(100,000)	281,715
Jamieson	3,293	47	(1,500)	1,840
Miscellaneous	-	51,450	(18,232)	33,218
Strategic Reserves	865,766	270,666	(148,170)	988,262
Marcus Challenge Grant	501,500	-	(175,366)	326,134
President's Council	243,885	201,371	(180,291)	264,965
Endowment income - Bowes	172,668	70,004	-	242,672
Ambassador Fund	73,252	-	(10,000)	63,252
Infrastructure -2016	22,000	50,000	(72,000)	-
Peggy Olsen Fund	22,225	-	(10,000)	12,225
Environmental Conference	-	-	-	-
URI – North America	-	22,560	(22,560)	-
Travelling Peace Academy	10,000	-	(10,000)	-
Website	10,000	-	(10,000)	-
Hospitality Fund	1,000	1,136,000	-	1,137,000
Elder - Youth Initiative	-	5,000	-	5,000
Global Council Chair Training	-	4,000	(4,000)	-
URI - Africa	-	800	(800)	-
URI - MENA	-	1,025	(1,025)	-
URI - YLP	-	775	(775)	-
Environment	-	10,500	(10,500)	-
Miscellaneous	114	-	-	114
	<u>\$ 4,251,927</u>	<u>\$ 1,879,689</u>	<u>\$ (1,775,219)</u>	<u>\$ 4,356,397</u>
Totals				

Note 11. 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 \$1,167,500, 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 \$125,000, 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.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 11. 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, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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 fund 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 unrestricted net assets. There were no deficiencies at December 31, 2017 and December 31, 2016.

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

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

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 11. ENDOWMENT FUND (Continued):

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

Changes in endowment net assets are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2016	\$ 172,667	\$ 250,000	\$ 422,667
Contributions	-	-	-
Interest and dividends	28,771	-	28,771
Net gains (realized and unrealized)	41,233	-	41,233
Endowment net assets, December 31, 2016	242,671	250,000	492,671
Contributions	-	155,500	155,500
Reclassification - Hospitality Fund	-	1,137,000	1,137,000
Releases	(10,000)	-	(10,000)
Interest and dividends	46,206	-	46,206
Net gains (realized and unrealized)	39,679	-	39,679
Endowment net assets, December 31, 2017	<u>\$ 318,556</u>	<u>\$ 1,542,500</u>	<u>\$ 1,861,056</u>

Note 12. FUNDRAISING EVENT:

The following is a summary of revenues and expenses related to the 2017 and 2016 Circle of Light events:

	December 31,	
	2017	2016
Revenues and contributions:		
Donations	\$ 129,186	\$ 94,848
In-kind donation	5,880	-
Sponsorships and revenue	154,295	152,240
Total revenues and contributions	289,361	247,088
Less expenses	(108,293)	(106,757)
Net income from fundraising event	<u>\$ 181,068</u>	<u>\$ 140,331</u>

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 13. 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, 2017 and December 31, 2016 amounted to \$34,441 and \$33,438, 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, 2017 and March 31, 2016 (the Plan year) were 9% of the participant's compensation. Selected information regarding the Plan are as follows:

	March 31,	
	2017	2016
Net assets available for benefits	\$ 164,625,629	\$ 147,226,725
Actuarial present value of accumulated plan benefits	\$ 200,054,000	\$ 201,330,000
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 Plan for the years ended December 31, 2017 and December 31, 2016 amounted to \$87,451 and \$66,625, respectively.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

NOTES TO COMBINED FINANCIAL STATEMENTS -
DECEMBER 31, 2017 AND DECEMBER 31, 2016

Note 14. 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 \$14,187 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, 2017 and December 31, 2016 amounted to \$183,204 and \$177,072, respectively.

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

Minimum annual payments required under the leases are as follows:

<u>Year Ending December 31,</u>		
2018	\$	192,244
2019		197,771
2020		198,120
2021		201,311
2022		<u>67,761</u>
	\$	<u>857,207</u>

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

SUPPLEMENTARY INFORMATION

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINING STATEMENT OF FINANCIAL POSITION – DECEMBER 31, 2017

<u>ASSETS</u>	<u>United Religions Initiative</u>	<u>United Religions Initiative Foundation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 1,117,953	\$ -	\$ -	\$ 1,117,953
Investments	5,426	-	-	5,426
Current portion of pledges receivable	794,739	-	-	794,739
Other receivables	3,437	-	-	3,437
Prepaid expenses and other assets	61,515	-	-	61,515
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL CURRENT ASSETS	1,983,070	-	-	1,983,070
LONG-TERM:				
Due to/from Foundation	8,558	(8,558)	-	-
Investments restricted for long-term purposes	-	12,602,170	-	12,602,170
Pledges receivable	96,636	3,784,740	-	3,881,376
Equipment and improvements - net	20,115	-	-	20,115
Intangible assets - net	179,971	-	-	179,971
Interest in net assets of the Foundation	16,378,352	-	(16,378,352)	-
Deposits	24,369	-	-	24,369
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 18,691,071</u>	<u>\$ 16,378,352</u>	<u>\$ (16,378,352)</u>	<u>\$ 18,691,071</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 51,132	\$ -	\$ -	\$ 51,132
Accrued vacation	77,421	-	-	77,421
Pledges payable	-	-	-	-
Deferred revenue	28,400	-	-	28,400
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES (ALL CURRENT)	156,953	-	-	156,953
NET ASSETS:				
Unrestricted	16,867,584	11,332,555	(16,059,795)	12,140,344
Temporarily restricted	1,066,534	4,103,297	(318,557)	4,851,274
Permanently restricted	600,000	942,500	-	1,542,500
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	18,534,118	16,378,352	(16,378,352)	18,534,118
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,691,071</u>	<u>\$ 16,378,352</u>	<u>\$ (16,378,352)</u>	<u>\$ 18,691,071</u>

See notes to combined financial statements.

UNITED RELIGIONS
(dba UNITED RELIGIONS INITIATIVE)
And Its Affiliate

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	United Religions Initiative	United Religions Initiative Foundation	Eliminations	Total
OPERATING REVENUE AND SUPPORT:				
Grants and contributions	\$ 914,709	\$ 14,809,740	\$ -	\$ 15,724,449
Grant income from URI Foundation	672,690	-	(672,690)	-
In-kind contributions	14,074	-	-	14,074
Fundraising event income - net of expenses of \$108,293	181,068	-	-	181,068
Interest and dividends	924	112,445	-	113,369
Net realized and unrealized gain/(loss) on investments	(267)	396,883	-	396,616
Loss on asset disposal	(300)	-	-	(300)
Other income	95	-	-	95
Equity in net earnings of Foundation	14,631,914	-	(14,631,914)	-
TOTAL OPERATING REVENUE AND SUPPORT	16,414,907	15,319,068	(15,304,604)	16,429,371
OPERATING EXPENSES:				
Program Services:				
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
Grant payment from URI Foundation	-	672,690	(672,690)	-
Total program services	3,124,602	672,690	(672,690)	3,124,602
Supporting Services:				
Management and general	271,209	14,464	-	285,673
Fundraising	472,210	-	-	472,210
Total supporting services	743,419	14,464	-	757,883
TOTAL OPERATING EXPENSES	3,868,021	687,154	(672,690)	3,882,485
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	12,546,886	14,631,914	(14,631,914)	12,546,886
OTHER CHANGES IN NET ASSETS:				
Transfer of securities to URI Foundation	-	973,295	(973,295)	-
INCREASE (DECREASE) IN NET ASSETS	12,546,886	15,605,209	(15,605,209)	12,546,886
NET ASSETS, beginning of year	5,987,232	773,143	(773,143)	5,987,232
NET ASSETS, end of year	\$ 18,534,118	\$ 16,378,352	\$ (16,378,352)	\$ 18,534,118

See notes to combined financial statements.