Financial Statements

Union of Concerned Scientists, Inc.

September 30, 2022 and 2021

UNION OF CONCERNED SCIENTISTS, INC.

Financial Statements

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Independent Auditors' Report

Board of Directors
Union of Concerned Scientists, Inc.
Cambridge, Massachusetts

Opinion

We have audited the financial statements of Union of Concerned Scientists, Inc. ("UCS"), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UCS as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Mayer Hoffman McCann P.C.

Boston, Massachusetts
February 13, 2023

UNION OF CONCERNED SCIENTISTS, INC.

Statements of Financial Position

September 30, 2022 and 2021

	2022	*2021*
Assets		
Cash and cash equivalents	$ 13,351,543	$ 13,889,538
Investments	48,855,920	62,188,906
Pledges receivable	40,000	1,000,000
Grants receivable	514,326	2,828,745
Prepaid expenses and other assets	699,077	4,237,278
Property and equipment, net	8,106,504	8,661,275
Total assets	**$ 71,567,370**	**$ 92,805,742**
Liabilities		
Accounts payable and accrued expenses	$ 3,270,006	$ 4,292,437
Other liabilities	-	3,600,000
Deferred rent	762,074	868,808
Liabilities under annuity agreements	2,880,353	3,633,446
Total liabilities	**6,912,433**	**12,394,691**
Net assets		
Unrestricted (without donor restrictions)	58,611,960	58,554,615
Restricted (with donor restrictions)	6,042,977	21,856,436
Total net assets	**64,654,937**	**80,411,051**
Total liabilities and net assets	**$ 71,567,370**	**$ 92,805,742**

See Independent Auditors' Report and accompanying notes to financial statements.

UNION OF CONCERNED SCIENTISTS, INC.

Statement of Activities

Year Ended September 30, 2022
(with comparative totals for 2021)

	Unrestricted (Without Donor Restrictions)			*Restricted*		
	General	*Board Designated*	*Total*	*(With Donor Restrictions)*	*2022 Total*	*2021 Total*
Operating revenue and other support						
Membership and contributions	$ 23,928,166	$ -	$ 23,928,166	$ 6,321,644	$ 30,249,810	$ 33,301,887
Foundation and other institutional grants	5,000	-	5,000	4,204,331	4,209,331	20,978,675
Net investment (loss) return	-	(8,195,904)	(8,195,904)	(1,077,677)	(9,273,581)	8,397,319
Realized planned gifts	4,483,133	8,253,249	12,736,382	-	12,736,382	3,498,610
In-kind contributions	134,200	-	134,200	-	134,200	173,664
Other revenue	698,359	-	698,359	-	698,359	3,830,082
Interfund transfer	-	-	-	-	-	-
Net assets released from restriction	25,261,757	-	25,261,757	(25,261,757)	-	-
Total operating revenue and other support	**54,510,615**	**57,345**	**54,567,960**	**(15,813,459)**	**38,754,501**	**70,180,237**
Operating expenses						
Programs						
Center for science and democracy	13,080,966	-	13,080,966	-	13,080,966	9,252,011
Climate and energy	17,757,407	-	17,757,407	-	17,757,407	14,673,723
Clean transportation	7,961,134	-	7,961,134	-	7,961,134	6,489,534
Global security	3,983,640	-	3,983,640	-	3,983,640	3,672,225
Federal action campaign team	738,410	-	738,410	-	738,410	865,730
Food and environment	4,454,579	-	4,454,579	-	4,454,579	4,024,574
Legislative	372,844	-	372,844	-	372,844	366,362
Total program expenses	48,348,980	-	48,348,980	-	48,348,980	39,344,159
Supporting services						
Fundraising	3,179,808	-	3,179,808	-	3,179,808	2,628,691
General and administrative	2,981,827	-	2,981,827	-	2,981,827	2,514,069
Total supporting services expenses	6,161,635	-	6,161,635	-	6,161,635	5,142,760
Total operating expenses	**54,510,615**	**-**	**54,510,615**	**-**	**54,510,615**	**44,486,919**
Change in net assets	**-**	**57,345**	**57,345**	**(15,813,459)**	**(15,756,114)**	**25,693,318**
Net assets, beginning of year	8,060,164	50,494,451	58,554,615	21,856,436	80,411,051	54,717,733
Net assets, end of year	**$ 8,060,164**	**$ 50,551,796**	**$ 58,611,960**	**$ 6,042,977**	**$ 64,654,937**	**$ 80,411,051**

See Independent Auditors' Report and accompanying notes to financial statements.

UNION OF CONCERNED SCIENTISTS, INC.

Statement of Activities

Year Ended September 30, 2021

	Unrestricted (Without Donor Restrictions)			*Restricted (With Donor Restrictions)*	*Total*
	General	*Board Designated*	*Total*		
Operating revenue and other support					
Membership and contributions	$ 22,931,911	$ -	$ 22,931,911	$ 10,369,976	$ 33,301,887
Foundation and other institutional grants	30,000	-	30,000	20,948,675	20,978,675
Net investment return	-	7,598,076	7,598,076	799,243	8,397,319
Realized planned gifts	-	3,498,610	3,498,610	-	3,498,610
In-kind contributions	173,664	-	173,664	-	173,664
Other revenue	3,830,082	-	3,830,082	-	3,830,082
Interfund transfer	(1,281,183)	1,281,183	-	-	-
Net assets released from restriction	19,024,878	-	19,024,878	(19,024,878)	-
Total operating revenue and other support	**44,709,352**	**12,377,869**	**57,087,221**	**13,093,016**	**70,180,237**
Operating expenses					
Programs					
Center for science and democracy	9,252,011	-	9,252,011	-	9,252,011
Climate and energy	14,673,723	-	14,673,723	-	14,673,723
Clean transportation	6,489,534	-	6,489,534	-	6,489,534
Global security	3,672,225	-	3,672,225	-	3,672,225
Federal action campaign team	865,730	-	865,730	-	865,730
Food and environment	4,024,574	-	4,024,574	-	4,024,574
Legislative	366,362	-	366,362	-	366,362
Total program expenses	39,344,159	-	39,344,159	-	39,344,159
Supporting services					
Fundraising	2,628,691	-	2,628,691	-	2,628,691
General and administrative	2,514,069	-	2,514,069	-	2,514,069
Total supporting services expenses	5,142,760	-	5,142,760	-	5,142,760
Total operating expenses	**44,486,919**	**-**	**44,486,919**	**-**	**44,486,919**
Change in net assets	**222,433**	**12,377,869**	**12,600,302**	**13,093,016**	**25,693,318**
Net assets, beginning of year	7,837,731	38,116,582	45,954,313	8,763,420	54,717,733
Net assets, end of year	**$ 8,060,164**	**$ 50,494,451**	**$ 58,554,615**	**$ 21,856,436**	**$ 80,411,051**

See Independent Auditors' Report and accompanying notes to financial statements.

UNION OF CONCERNED SCIENTISTS, INC.

Statements of Functional Expenses

Years Ended September 30, 2022 and 2021

	2022											
	Programs								Supporting Services			
	Center for Science and Democracy	Climate and Energy	Clean Transportation	Global Security	Federal Action Campaign Team	Food and Environment	Legislative	Total Programs	Fundraising	General and Administrative	Total Supporting Services	Total Operating Expenses
Personnel costs	$ 4,352,896	$ 10,908,328	$ 4,493,234	$ 2,586,071	$ 478,284	$ 2,759,589	$ 237,567	$ 25,815,969	$ 1,682,513	$ 2,386,208	$ 4,068,721	$ 29,884,690
Contractual expenses	7,127,414	1,988,329	1,026,816	604,307	115,300	648,870	66,038	11,577,074	365,220	209,522	574,742	12,151,816
Coalition support	152,066	2,254,278	1,210,765	99,891	28,163	191,306	8,615	3,945,084	26,265	17,226	43,491	3,988,575
Publications and mailing costs	531,772	509,586	194,131	94,261	9,007	201,222	752	1,540,731	814,811	2,262	817,073	2,357,804
Event costs	91,822	99,769	45,575	35,544	5,227	34,164	9,082	321,183	7,437	2,786	10,223	331,406
Office and equipment expenses	518,647	1,294,764	654,454	326,217	64,671	388,527	37,089	3,284,369	178,656	296,427	475,083	3,759,452
Books, periodicals and online services	199,119	450,973	221,857	159,557	28,688	166,501	3,731	1,230,426	61,970	33,043	95,013	1,325,439
Travel	57,361	120,069	57,788	43,630	4,112	30,455	7,006	320,421	22,018	2,922	24,940	345,361
Fees and interest expense	49,869	131,311	56,514	34,162	4,958	33,945	2,964	313,723	20,918	31,431	52,349	366,072
Total expenses	**$ 13,080,966**	**$ 17,757,407**	**$ 7,961,134**	**$ 3,983,640**	**$ 738,410**	**$ 4,454,579**	**$ 372,844**	**$ 48,348,980**	**$ 3,179,808**	**$ 2,981,827**	**$ 6,161,635**	**$ 54,510,615**

	2021											
	Programs								Supporting Services			
	Center for Science and Democracy	Climate and Energy	Clean Transportation	Global Security	Federal Action Campaign Team	Food and Environment	Legislative	Total Programs	Fundraising	General and Administrative	Total Supporting Services	Total Operating Expenses
Personnel costs	$ 3,941,006	$ 10,072,334	$ 3,633,454	$ 2,446,548	$ 522,924	$ 2,823,955	$ 217,494	$ 23,657,715	$ 1,462,673	$ 1,827,398	$ 3,290,071	$ 26,947,786
Contractual expenses	4,241,884	1,461,521	730,661	590,372	174,361	369,232	100,012	7,668,043	332,410	403,713	736,123	8,404,166
Coalition support	39,968	710,793	1,142,492	30,318	18,313	53,161	248	1,995,293	12,539	2,252	14,791	2,010,084
Publications and mailing costs	228,533	504,645	152,529	88,571	19,572	125,693	731	1,120,274	469,641	936	470,577	1,590,851
Event costs	23,236	30,501	16,686	7,274	3,197	7,729	2,613	91,236	3,173	915	4,088	95,324
Office and equipment expenses	549,293	1,328,386	569,951	331,088	83,868	468,831	38,217	3,369,634	212,609	220,824	433,433	3,803,067
Books, periodicals and online services	163,390	388,959	178,253	134,719	35,610	126,953	3,357	1,031,241	108,391	24,772	133,163	1,164,404
Travel	3,502	15,693	4,113	1,412	337	2,052	39	27,148	1,185	644	1,829	28,977
Fees and interest expense	61,199	160,891	61,395	41,923	7,548	46,968	3,651	383,575	26,070	32,615	58,685	442,260
Total expenses	**$ 9,252,011**	**$ 14,673,723**	**$ 6,489,534**	**$ 3,672,225**	**$ 865,730**	**$ 4,024,574**	**$ 366,362**	**$ 39,344,159**	**$ 2,628,691**	**$ 2,514,069**	**$ 5,142,760**	**$ 44,486,919**

See Independent Auditors' Report and accompanying notes to financial statements.

UNION OF CONCERNED SCIENTISTS, INC.

Statements of Cash Flows

Years Ended September 30, 2022 and 2021

	2022	*2021*
Cash flows from operating activities:		
Change in net assets	$ (15,756,114)	$ 25,693,318
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	754,299	838,006
Realized and unrealized loss (gain) on investments, net	9,319,092	(7,975,837)
Forgiveness of refundable advance	-	(4,380,847)
Forgiveness of note payable	-	(250,000)
Changes in certain assets and liabilities:		
Pledges receivable	960,000	(400,000)
Grants receivable	2,314,419	(328,745)
Prepaid expenses and other assets	3,538,201	(3,640,823)
Accounts payable and accrued expenses	(1,022,431)	990,709
Other liabilities	(3,600,000)	3,600,000
Deferred rent	(106,734)	(56,543)
Liabilities under annuity agreements	(753,093)	952,757
Net cash (used in) provided by operating activities	**(4,352,361)**	**15,041,995**
Cash flows from investing activities:		
Cash paid for purchases of property and equipment	(199,528)	(167,975)
Cash paid for purchases of investments	(12,068,807)	(18,297,128)
Cash received from sales and maturities of investments	16,082,701	5,940,583
Net cash provided by (used in) investing activities	**3,814,366**	**(12,524,520)**
Cash flows from financing activities:		
Repayment of long-term debt	-	(210,377)
Net cash used in financing activities	**-**	**(210,377)**
Net change in cash and cash equivalents	**(537,995)**	**2,307,098**
Cash and cash equivalents, beginning of year	13,889,538	11,582,440
Cash and cash equivalents, end of year	**$ 13,351,543**	**$ 13,889,538**

See Independent Auditors' Report and accompanying notes to financial statements.

UNION OF CONCERNED SCIENTISTS, INC.

Notes to Financial Statements

Note 1 - Nature of Organization

Union of Concerned Scientists, Inc. ("UCS") is an independent not-for-profit organization that was incorporated in the District of Columbia on September 19, 1973. UCS's support comes primarily through contributions from individuals including membership, major gifts, bequests and other planned gifts, foundations grants, as well as investment returns.

UCS puts rigorous, independent science to work to solve our planet's most pressing problems. Joining with people across the country, UCS combines technical analysis and effective advocacy to create innovative, practical solutions for a healthy, safe and sustainable future.

What began as a collaboration between students and faculty members at the Massachusetts Institute of Technology in 1969 is now an alliance of more than 500,000 individuals. UCS members are people from all walks of life: parents and businesspeople, biologists and physicists, teachers and students. UCS members understand that scientific analysis - not political calculations or corporate hype - should guide our efforts to secure responsible changes in government policy, corporate practices, and consumer choices.

UCS experts work on some of the world's most complex and daunting problems: stemming the tide of global warming, finding sustainable ways to feed, power and transport ourselves, and reducing the threat of catastrophic war. UCS's achievements over the decades show that thoughtful action based on the best available science can help safeguard our future and the future of our planet.

UCS's major programs include Center for Science and Democracy, Climate and Energy, Clean Transportation, Global Security, Food and Environment, Federal Action Campaign Team, and Legislative.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America which require that UCS report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets (Without Donor Restrictions) – Net assets available for general use and not subject to donor restrictions. The Board of Directors has designated funds from unrestricted net assets (without donor restrictions) for endowment, operating cash and for strategic initiatives. Unrestricted net assets (without donor restrictions) also include the investment in property and equipment, net of accumulated depreciation and amortization, as well as related long-term debt.

Restricted Net Assets (With Donor Restrictions) – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time, events specified by the donor, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits and money market accounts with initial maturities of ninety days or less. Such amounts are stated at cost plus accrued interest. Cash and cash equivalents held by investment managers are considered part of investment balances. At times, balances exceed federally insured limits. Management monitors such exposure and has not experienced any losses in such accounts.

Investments

Investments are carried at fair value as per the fair value policies outlined later in this section. Interest, dividends and net gains or losses on investments are reported as investment return in the period earned net of external investment expenses as follows:

- as increases or decreases in restricted net assets (with donor restrictions) if the terms of the gift require that they be applied to the principal of a permanent endowment fund;
- as increases or decreases in restricted net assets (with donor restrictions) if the terms of the gift or state law impose restrictions on the current use of the income or net gains and losses;
- as increases or decreases in unrestricted net assets (without donor restrictions) in all other cases.

Fair Value Measurements

UCS reports certain assets and liabilities at fair value on a recurring and non-recurring basis depending on the underlying accounting policy for the item. Recurring fair value measures include investments. Non-recurring fair value measures include pledge and grant receivables and liabilities under annuity agreements. Accounting principles define fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. Accounting rules specify a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect UCS's market assumptions.

In addition, UCS reports certain investments using the net asset value ("NAV") per share using the so-called practical expedient. The practical expedient allows NAV per share to represent fair value for reporting purposes when criteria for this method are met. These investments are generally redeemable at NAV per share per the subscription agreements for the underlying assets. Under certain circumstances, redemption rights may be restricted.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

This hierarchy requires the use of observable market data when available but for items measured using the NAV method. The valuation methods used over fair value items are then summarized based on the preponderance of valuation methods used which are summarized into the following categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities. For example, quoted prices for identical assets that are publicly traded on an exchange.

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable at the reporting date. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.

Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

In some instances, the input used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effect of market, interest and credit risk. Instruments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

It is reasonably possible that different assumptions or changes in values of these instruments could occur which could materially affect amounts reported in these financial statements.

Pledges and Grants Receivable

Pledges and grants receivable, including unconditional promises to give, are recognized as receivables when verifiably committed at estimated net realizable value. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Initial recording of contributions expected to be collected in one year or more utilizes a risk adjusted present value to account for the inherent risk associated with the expected future cash flows. The initially recorded value of pledges and grants is considered a Level 2 fair value approach.

Pledges and grants are assessed for collectability at periodic intervals and management has determined that it expects to collect substantially all amounts pledged and granted, and accordingly, no allowance has been provided over these amounts.

Property and Equipment

Property and equipment are stated at cost, or if donated, are recorded at fair value at the date of the gift. The cost of normal maintenance and repairs is charged to expense as incurred; significant additions and improvements are capitalized.

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The straight-line method is used to depreciate the cost of property and equipment over their estimated useful lives as follows:

Building and building improvements	40 years
Leasehold improvements	Term of Lease
Furniture and fixtures	5 - 10 years
Equipment	5 - 10 years
Solar equipment	25 years
Computer equipment	3 years

Deferred Rent

Rent expense is recorded on a straight-line basis over the lease term. Differences between amounts paid and amounts accrued are accounted for as deferred rent.

Liabilities Under Annuity Agreements

UCS enters into charitable gift annuity agreements with donors. Under these arrangements, UCS receives assets and agrees to make scheduled payments to the annuitant(s). The assets received under gift annuity agreements are valued at the fair market value when the assets are received by UCS as trustee, while liabilities equal to the estimated fair value of the obligations using present values of future cash flows expected to be paid to the beneficiaries are recorded based on actuarial expected lives of the beneficiaries. These obligations use Level 2 fair value methods as per the fair value policies described earlier in this section. The difference between the assets received and the obligations recorded is considered contribution revenue and recorded as per the policies below. In addition, certain other like instruments are recorded in this category.

Revenue Recognition

Membership and Contributions

Membership and contributions are recognized as revenues at the earlier of when received or when the donor demonstrates an unconditional commitment to contribute cash or other assets to UCS. Revenue amounts are based on the expected net realizable value of such amounts which includes consideration of ultimate collections and risk adjusted discount rates associated with long-term commitments. Amortization of the discount is included in grants and contributions revenue.

Donor-restricted contributions (that is time, purpose restricted or both) are reported as increases in restricted net assets (with donor restrictions). Contributions without donor restrictions are reported as unrestricted (without donor restrictions). When a restriction expires through the passage of time or the meeting of purpose restrictions, restricted net assets (with donor restrictions) are reclassified to unrestricted net assets (without donor restrictions) and reported in the Statements of Activities as net assets released from restrictions.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Membership and Contributions (Continued)

All memberships are considered donative and thus have been accounted for as unrestricted contribution revenue (without donor restrictions).

If a contribution is considered conditional, revenues are not recorded until the conditions are met which normally entails the meeting of a barrier, such as a performance obligation or other uncertain event.

Foundations and Other Institutional Grants

Foundations and other institutional grants follow the same revenue recognition practices as membership and contributions noted above.

Realized Planned Gifts

Realized planned gifts include bequests and maturity of gift annuity agreements. Bequests are recognized as revenue when amounts are received, which management has determined is the time uncertainty is eliminated and such realization is assured. Maturity of gift annuity agreements represent gains on those instruments in excess of amounts previously recorded when the annuity obligation is removed from the books.

Net Investment (Loss) Return

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

In-Kind Contributions

Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of physical assets are recognized as unrestricted revenue (without donor restrictions) unless there are explicit donor stipulations that specify how the donated asset must be used in which case such amounts would be considered restricted (with donor restrictions). In-kind contributions for the years ended September 30, 2022 and 2021 are comprised of media and have been recorded as their estimated fair value using Level 3 methods. Given the limited amounts of in-kind contributions management has determined that further detailed disclosures are not necessary.

Note 2 - Summary of Significant Accounting Policies (Continued)

Media

Media expenses refer to print or broadcast ads to increase public awareness of issues central to UCS's mission such as renewable energy, clean transportation and climate change. UCS's policy is to expense media costs as incurred. These expenses were approximately $995,000 and $940,000 for the years ended September 30, 2022 and 2021, respectively. Included in media expenses is an in-kind donation of billboard advertising amounting to approximately $134,000 and $174,000 for the years ended September 30, 2022 and 2021, respectively. Media is included in contractual expenses on the Statements of Functional Expenses.

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. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such amounts have been allocated based on factors that management has deemed as rational and systematic.

Income Taxes

UCS is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Accordingly, no provision for income taxes is made in the financial statements.

UCS has determined that its status as a tax-exempt entity and its determinations as to its income being related and unrelated are not uncertain tax positions within the meaning of generally accepted accounting principles for its open tax years. UCS's Federal and state income tax returns are generally open for examination for three years following the date filed.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Pending Accounting Pronouncements

A number of accounting standards are pending in future years. Management believes the most significant of these is the lease accounting standard which will require the recording of a right of use asset and right of use obligation for operating leases. Management is currently evaluating this standard which will be effective in the fiscal year 2023. Management does not expect other pending accounting pronouncements to have a significant impact.

Note 2 - Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications had no effect on the prior year reported change in net assets.

Subsequent Events

UCS has evaluated subsequent events through February 13, 2023, the date the financial statements were issued and determined no matters for adjustment or disclosure were required.

Note 3 - Liquidity and Availability

UCS regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. UCS has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, UCS considers all expenditures related to its ongoing program services as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, UCS seeks to collect sufficient revenue to cover general expenditures, however at times will plan to use its accumulated resources to meet current plans for program and other costs.

Board designated funds are included in the financial assets available to meet general expenditures over the next twelve months. Although not expected to be needed, the spendable yet restricted portion of UCS's net assets could be used to meet cash needs if necessary. Prudent investment management, however, must be considered to ensure the preservation of the funds for future use.

Note 3 - Liquidity and Availability (Continued)

The following tables show the total financial assets held by UCS and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	$ 13,351,543	$ 13,889,538
Investments convertible to cash in the next 12 months	48,855,920	62,188,906
Pledges receivable	40,000	1,000,000
Grants receivable	514,326	2,828,745
Total financial assets at year end	**$ 62,761,789**	**$ 79,907,189**
Financial assets available to meet general expenditures over the next 12 months:		
Cash and cash equivalents not encumbered by donor restrictions	$ 11,503,149	$ 7,290,755
Investments not encumbered by donor restrictions	42,335,310	45,774,692
Pledges receivable for general expenditure due in one year or less	40,000	1,000,000
Grants receivable for general expenditure due in one year or less	477,500	2,605,000
Total financial assets available to meet general expenditures over the next 12 months	**$ 54,355,959**	**$ 56,670,447**
Total financial assets with donor restrictions over the next 12 months	**$ 8,405,830**	**$ 23,236,742**

Note 4 - Investments

The purpose of the reserve funds of UCS is to contribute to the long-term financial stability of the organization. The portfolio is managed prudently and productively on a total return basis with a long-term horizon. The investments are diversified between short-term reserves, fixed income securities and equity securities with a long-term target allocation. UCS utilizes professional investment advisory services to manage the portfolio. In its choice of investments and investment managers, UCS considers the broad environmental mission of the organization as well as the need for strong financial performance. To align with the organization's responsibility for the environment, UCS screens for and mitigates its exposure to investments in carbon intensive companies. The UCS Investment Policy Statement directs the Investment Committee to screen for and mitigate exposure to carbon intensive companies. Following this policy, UCS has built an investment portfolio that includes 1% or less of total carbon intensive investments for the years ended September 30, 2022 and 2021.

Note 4 - Investments (Continued)

Investments consist of the following at September 30:

	2022	2021
Equity Funds	$ 26,426,708	$ 35,488,251
Bond Funds	19,952,476	24,146,089
Money Market Funds	991,380	941,987
Liquid Alternatives	1,485,356	1,612,579
	$ 48,855,920	**$ 62,188,906**

Included in investments are investments held on behalf of gift annuities, which total $5,081,137 and $6,137,510 at September 30, 2022 and 2021, respectively. All investments are valued at Level 1, but for liquid alternatives which are at NAV. Liquid alternatives generally have a redemption notice period of thirty days. UCS has no plans or intentions to liquidate any NAV practical expedient investment at other than NAV per share. Under unusual circumstances, fund managers can reserve the right to limit distributions to shareholders, however UCS has not experienced any changes or limits over fund distributions.

Note 5 - Grants Receivable

Grants receivable consist of the following at September 30:

	2022	2021
Due within a year	$ 477,500	$ 2,605,000
Due between one and five years, net of discount	36,826	223,745
Net grants receivable	**$ 514,326**	**$ 2,828,745**

Note 6 - Property and Equipment

Property and equipment consist of the following at September 30:

	2022	2021
Building and leasehold improvements	$ 12,801,023	$ 12,801,023
Equipment, furniture and fixtures	5,547,889	5,348,361
Total property and equipment	18,348,912	18,149,384
Less: accumulated depreciation and amortization	10,242,408	9,488,109
Property and equipment, net	**$ 8,106,504**	**$ 8,661,275**

Note 7 - Line of Credit and Other Debt Instruments

Line of Credit Agreement

UCS has a line of credit agreement with a bank that provides for borrowings of up to $5,000,000. Borrowings under the agreement are due on demand and bear interest at the prime rate, plus one-half percent, with a minimum rate of 4.5%. Borrowings are collateralized by a security interest in substantially all UCS's assets. There were no amounts outstanding under this agreement at September 30, 2022 and 2021. The line of credit is subject to annual renewal.

Long-Term Debt

UCS had a debt obligation that was paid in full during 2021. Interest expense was approximately $2,000 for the year ended September 30, 2021. There was no cash paid for interest during the year ended September 30, 2022.

Note 8 - Refundable Advance

In 2020, UCS applied for and received a forgivable Paycheck Protection Loan of $4,380,847 as provided under the Federal Coronavirus Aid, Relief and Economic Security (CARES) Act. UCS used all of the proceeds for eligible costs and obtained legal forgiveness on June 10, 2021 and, as such, included this amount in other revenue during the year ended September 30, 2021. UCS used the loan forgiveness accounting model as permitted under accounting standards.

Note 9 - Other Liabilities

UCS received $2.5 million and $7.5 million in restricted revenue during the years ended September 30, 2022 and 2021 to fund a time limited project on legislative gerrymandering, a part of UCS's ongoing work on voter rights being led by its Center for Science and Democracy. The majority of this work occurred during the year ended September 30, 2022, representing a one-time expense versus an ongoing expansion of the program. Under the terms of an agreement with a vendor working on the project, UCS was contractually committed to providing most of the funds raised for this purpose for this work. As such, management reflected an obligation in the financial statements to the extent of that commitment associated with the funding received to date along with a corresponding asset given that such remaining resources are pending use for the intended purpose on a forward basis.

Other liabilities include approximately $3.6 million associated with funding contractually obligated at September 30, 2021 based on funding to date with a corresponding amount reflected in prepaid expenses given that the project benefits from these costs are expected to be realized in 2022. All of these amounts have been recognized and expended as of September 30, 2022.

Note 10 - Net Assets

Unrestricted Net Assets (Without Donor Restrictions)

Unrestricted net assets (without donor restrictions) are as follows for the years ended September 30:

	2022	*2021*
Board designated and other	$ 50,505,456	$ 49,893,340
Net investment in property and equipment	8,106,504	8,661,275
	$ 58,611,960	**$ 58,554,615**

Net Assets Released from Restriction

Restricted net assets (with donor restrictions) were released from restriction as follows for the years ended September 30:

	2022	*2021*
Center for Science and Democracy Program	$ 7,579,379	$ 4,744,313
Climate and Energy Program	9,665,189	6,770,516
Clean Transportation Program	6,407,847	5,663,402
Global Security Program	449,083	679,417
Food and Environment Program	745,545	753,167
Other purpose and time restrictions	414,714	414,063
	$ 25,261,757	**$ 19,024,878**

Note 10 - Net Assets (Continued)

Restricted Net Assets (With Donor Restrictions)

Net assets are available for the following purposes at September 30:

	2022	2021
Purpose and time restricted		
Center for Science and Democracy Program	$ 318,971	$ 4,123,750
Climate and Energy Program	2,503,308	7,338,531
Clean Transportation Program	1,631,964	7,158,198
Global Security Program	89,583	75,000
Food and Environment Program	431,250	701,245
Other purpose and time restrictions	660,166	1,954,245
Total purpose and time restricted	5,635,242	21,350,969
Accumulated unspent gains on endowment net assets	222,300	320,032
Endowment corpus	185,435	185,435
Total endowment	407,735	505,467
	$ 6,042,977	**$ 21,856,436**

Note 11 - Board Designated Funds and Endowment

Board Designated Funds

The UCS Board has authorized the following related to the board designated funds:

- Net investment returns on invested reserves are recognized when incurred.
- A spending policy whereby 4.25% of the historical twelve quarter average market value of the board designated reserves is the maximum amount available for program services to the extent needed. Need is defined as a loss before spending rate transfer but after consideration of realized planned giving spending (as per below) up to the amount required to balance operating results but not in excess of the amount authorized by the board.
- A policy allowing for 50% of current year realized planned gifts to be used to support operations if such revenues are unrestricted (without donor restrictions), with the remainder being designated by the Board for special purposes. The 50% is the maximum amount available with the use being determined as any amount required to balance operating results prior to consideration of the spending policy as per the above. No amounts are spent if need is not present.

Note 11 - Board Designated Funds and Endowment (Continued)

Board Designated Funds (Continued)

- Funds available for capital expenditure from the board designated reserves to cover current year fixed asset additions, net of depreciation.

- Additional use of the reserve to support operations as needed.

The changes in board designated funds are as follows at September 30:

Balance at September 30, 2020	$	38,116,582
Investment return, net		7,653,009
Realized planned gifts allocable to board designated funds		3,443,677
Surplus transferred to board designated funds		1,281,183
Balance at September 30, 2021		50,494,451
Investment return, net		(8,195,904)
Realized planned gifts allocable to board designated funds		8,253,249
Surplus transferred to board designated funds		-
Balance at September 30, 2022	**$**	**50,551,796**

Endowment

UCS's endowment consists of individual funds established for a variety of purposes. UCS has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the tracking of original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, UCS tracks the original value of gifts donated to the endowment, the original value of subsequent gifts to the endowment, and accumulations to the 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 net assets is classified as accumulated unspent gain on net assets until those amounts are appropriated for expenditure by UCS.

In accordance with UPMIFA, UCS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of UCS and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of UCS
- The investment policies of UCS

Note 11 - Board Designated Funds and Endowment (Continued)

Endowment (Continued)

The changes in endowment net assets are as follows at September 30:

Balance at September 30, 2020	$	433,162
Investment return, net		72,305
Balance at September 30, 2021		505,467
Investment return, net		(97,732)
Balance at September 30, 2022	**$**	**407,735**

Note 12 - Leases

UCS leases office facilities under non-cancelable operating lease agreements that expire at various dates through July 2028. Such leases include provisions for escalation for increases in operating costs to be passed through as additional rent. UCS subleases certain space from time to time, but such amounts are not considered significant. Rent expense was approximately $2,157,000 and $2,101,000 for the years ended September 30, 2022 and 2021, respectively.

Aggregate approximate future minimum lease obligations and lease rentals under non-cancelable operating leases are as follows at September 30, 2022:

Years Ending		*Lease Commitments*
2023	$	2,220,225
2024		2,149,841
2025		1,997,643
2026		1,376,136
2027		468,267
Thereafter		394,667
	$	**8,606,779**

Note 13 - Retirement Plan

UCS has a qualified defined contribution retirement plan (the "plan") organized under Internal Revenue Service Code Section 403(b). UCS contributes 8% of salaries and wages for employees after the completion of one year of service. UCS funds the plan on a semi-monthly basis and once contributions commence they are vested. Employees are also allowed to make elective deferrals to the plan upon employment subject to regulatory limits. Expenses incurred under this plan amounted to $1,568,408 and $1,574,398 for the years ended September 30, 2022 and 2021, respectively. While UCS expects to continue the plan indefinitely, it has reserved the right to modify, amend or terminate the plan.

Note 14 - Allocation of Joint Costs

Joint costs were allocated as follows for the years ended September 30:

	2022	*2021*
Center for Science and Democracy	$ 529,357	$ 162,282
Climate and Energy	289,338	315,886
Clean Transportation	100,282	70,293
Global Security	8,220	14,753
Food and Environment	154,533	57,276
Membership	-	166,621
Total	1,081,730	787,111
Fundraising	762,800	492,054
Total joint costs	**$ 1,844,530**	**$ 1,279,165**

Note 15 - Significant Donors

Realized planned gifts from one individual amounted to approximately 15% of total contributed support for the year ended September 30, 2022. Contributions from one donor amounted to approximately 26% of total contributed support for the year ended September 30, 2021.