



**Financial Statements**

**Unitarian Universalist  
Common Endowment Fund LLC**

**June 30, 2021 and 2020**



# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## *Financial Statements*

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## *Independent Auditors' Report*

The Board of Trustees  
Unitarian Universalist Common Endowment Fund LLC  
Boston, Massachusetts

We have audited the accompanying financial statements of the Unitarian Universalist Common Endowment Fund LLC ("UUCEF"), which comprise the statements of net assets, including the schedules of investments, as of June 30, 2021 and 2020, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of UUCEF as of June 30, 2021 and 2020, and the operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Maye Heyman McCann P.C.*

November 22, 2021  
Boston, Massachusetts

# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## Statements of Net Assets

June 30,

(in thousands)

	2021	2020
Assets:		
Investments, at fair value (Cost \$193,289 in 2021 and \$170,236 in 2020)	\$ 263,072	\$ 198,134
Cash and cash equivalents	7,140	555
Other current assets	37	26
	270,249	198,715
<b>Total assets</b>	<b>270,249</b>	<b>198,715</b>
Liabilities:		
Accrued expenses and other liabilities	301	249
	301	249
<b>Net assets</b>	<b>\$ 269,948</b>	<b>\$ 198,466</b>

(in units and dollars)

Shares of beneficial interest outstanding	22,393,799.5239	20,902,867.7096
	22,393,799.5239	20,902,867.7096
Net asset value per share	\$ 12.0546	\$ 9.4947
	12.0546	9.4947

**UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC**

**Condensed Schedule of Investments**

**June 30, 2021**

**(in thousands)**

<b>Description</b>	<b>Security Type</b>	<b>Initial Investment Date</b>	<b>Cost Basis</b>	<b>Fair Value</b>	<b>% of Net Assets</b>
Domestic Equity					
	Traded Equities	Various	\$ 42,686	\$ 61,521	23%
	Pooled Fund	4/1/2016	6,977	9,884	4%
			<u>49,663</u>	<u>71,405</u>	
International Equity					
	Traded Equities	5/1/2010	9,120	14,430	5%
	Mutual Fund	4/1/2013	8,587	16,440	6%
	Pooled Fund	Various	21,916	37,398	14%
			<u>39,623</u>	<u>68,268</u>	
Global Equity					
	Pooled Fund	Various	24,000	25,568	9%
			<u>24,000</u>	<u>25,568</u>	
Fixed Income					
	Traded Fixed Income	11/1/2014	10,130	10,644	4%
	Pooled Fund	Various	43,905	54,526	20%
			<u>54,035</u>	<u>65,170</u>	
Opportunistic					
	Hedge Fund of Funds	8/1/2009	604	512	0%
	Global Asset Allocation Mutual Fund	4/28/2020	13,500	16,861	6%
			<u>14,104</u>	<u>17,373</u>	
Private Markets					
	UK Sterling Pooled Real Estate Fund	8/1/2015	622	1,628	1%
	Private Investment Fund	6/1/2014	4,762	6,135	2%
	Opportunistic Expansion	Various	3,714	4,759	2%
			<u>9,098</u>	<u>12,522</u>	
Other					
	Loans and Depository Agreements	Various	2,766	2,766	1%
<b>Total Investments</b>			<u>\$ 193,289</u>	<u>\$ 263,072</u>	97%

**UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC**

**Condensed Schedule of Investments**

*June 30, 2020*

*(in thousands)*

<i>Description</i>	<i>Security Type</i>	<i>Initial Investment Date</i>	<i>Cost Basis</i>	<i>Fair Value</i>	<i>% of Net Assets</i>
Domestic Equity	Traded Equities	Various	\$ 41,548	\$ 49,887	25%
	Pooled Fund	4/1/2016	7,136	6,760	3%
			<u>48,684</u>	<u>56,647</u>	
International Equity	Traded Equities	5/1/2010	9,039	12,079	6%
	Mutual Fund	4/1/2013	9,247	13,845	7%
	Pooled Fund	Various	23,125	28,963	15%
			<u>41,411</u>	<u>54,887</u>	
Fixed Income	Traded Fixed Income	11/1/2014	11,845	13,290	7%
	Pooled Fund	Various	46,700	49,832	25%
			<u>58,545</u>	<u>63,122</u>	
Opportunistic	Northern European Focused Fund	4/1/2015	5,500	5,527	3%
	Hedge Fund of Funds	8/1/2009	604	513	0%
	Global Asset Allocation Mutual Fund	4/28/2020	5,000	5,472	3%
			<u>11,104</u>	<u>11,512</u>	
Private Markets	UK Sterling Pooled Real Estate Fund	8/1/2015	347	1,257	1%
	Private Investment Fund	6/1/2014	4,221	4,312	2%
	Opportunistic Expansion	Various	3,250	3,723	2%
			<u>7,818</u>	<u>9,292</u>	
Other	Loans and Depository Agreements	Various	2,674	2,674	1%
<b>Total Investments</b>			<u>\$ 170,236</u>	<u>\$ 198,134</u>	100%

# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## *Statements of Operations*

*For the Years Ended June 30,*

*(in thousands)*

	<b>2021</b>	<b>2020</b>
Investment income	\$ <u>1,767</u>	\$ <u>1,934</u>
Expenses:		
Investment manager fees	1,453	1,282
Consultant and other expenses	438	423
UUA administrative fees	463	388
Audit fees	<u>43</u>	<u>40</u>
Total expenses	<u>2,397</u>	<u>2,133</u>
<b>Net investment loss</b>	<b><u>(630)</u></b>	<b><u>(199)</u></b>
Realized and unrealized gains from investments:		
Net realized gain from investments sold	13,874	9,862
Unrealized investment gains (losses)	<u>41,885</u>	<u>(6,627)</u>
<b>Net realized and unrealized gains from investments</b>	<b><u>55,759</u></b>	<b><u>3,235</u></b>
<b>Net increase in net assets from operations</b>	<b>\$ <u><u>55,129</u></u></b>	<b>\$ <u><u>3,036</u></u></b>



# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## *Statements of Changes in Net Assets*

*For the Years Ended June 30, 2021 and 2020*

*(in thousands)*

<b>Net assets July 1, 2019</b>	<b>\$ <u>198,799</u></b>
Change in net assets from operations:	
Net investment loss	(199)
Net realized gains	9,862
Unrealized losses	<u>(6,627)</u>
Change in net investment return	3,036
Change in net assets from fund share transactions	<u>(3,369)</u>
Total change in net assets	<u>(333)</u>
<b>Net assets June 30, 2020</b>	<b><u>198,466</u></b>
Change in net assets from operations:	
Net investment loss	(630)
Net realized gains	13,874
Unrealized gains	<u>41,885</u>
Change in net investment return	55,129
Change in net assets from fund share transactions	<u>16,353</u>
Total change in net assets	<u>71,482</u>
<b>Net assets June 30, 2021</b>	<b>\$ <u><u>269,948</u></u></b>

# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## *Statements of Cash Flows*

*For the Years Ended June 30,*

*(in thousands)*

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 55,129	\$ 3,036
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net change in realized and unrealized gains from investments	(55,759)	(3,235)
Purchase of investments	(47,509)	(42,428)
Proceeds from sales and maturities of investments	38,330	44,516
Changes in assets and liabilities:		
Other current assets	(11)	(1)
Accrued expenses and other liabilities	52	46
	<u>          </u>	<u>          </u>
<b>Net cash (used in) provided by operating activities</b>	<b><u>(9,768)</u></b>	<b><u>1,934</u></b>
<b>Cash flows from financing activities:</b>		
Capital contributions	28,259	12,506
Capital withdrawals	(11,906)	(15,875)
	<u>          </u>	<u>          </u>
<b>Net cash provided by (used in) financing activities</b>	<b><u>16,353</u></b>	<b><u>(3,369)</u></b>
<b>Net change in cash and cash equivalents</b>	<b>6,585</b>	<b>(1,435)</b>
Cash and cash equivalents as of beginning of year	<u>555</u>	<u>1,990</u>
<b>Cash and cash equivalents as of end of year</b>	<b>\$ <u><u>7,140</u></u></b>	<b>\$ <u><u>555</u></u></b>

# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## *Notes to Financial Statements (in thousands)*

### **Note 1 - Business and Organization**

The Unitarian Universalist Common Endowment Fund LLC (“UUCEF”) is a Massachusetts limited liability company formed pursuant to a Limited Liability Operating Agreement (the “Agreement”) dated October 11, 2012. The purpose of the entity is to provide a centralized investment vehicle for the Unitarian Universalist Association (the “Association”), its member congregations, and certain other qualified entities. The Association provides oversight and management of UUCEF and its investments.

UUCEF provides an opportunity for member congregations to invest their funds utilizing professional investment management, administration and reporting capabilities. The funds are operated much like a mutual fund with the investments of UUCEF and member congregations being co-mingled such that each participant will share in the returns on the funds in pro-rata relationship to their units of ownership. New units are issued when new monies are to be invested, while redemptions reduce units outstanding. The net asset value per unit is adjusted monthly based on underlying changes in the fair value of investments. UUCEF net assets are without donor restrictions, but some of the underlying funds have restrictions at their respective reporting entity level.

The investments of UUCEF are deployed under the general direction of an Investment Committee appointed by the Association’s Board of Trustees. The Investment Committee has contracted with an outside consultant to assist in the selection and oversight of professional investment management firms, an asset allocation policy and guidelines for rebalancing asset classes. The professional investment management firm, under the oversight of the Investment Committee, manages the investment portfolio.

### **Note 2 - Summary of Significant Accounting Policies**

#### ***Basis of Financial Statement Presentation***

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. UUCEF is considered a non-profit entity that follows investment company accounting and reporting guidance in accordance with Financial Accounting Standards Board (“FASB”) ASC No. 946, *Financial Services - Investment Companies*. The significant accounting policies followed by UUCEF are as follows:

#### ***Cash and Cash Equivalents***

UUCEF considers highly liquid instruments with maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are stated at cost plus accrued interest. Cash equivalents include treasury money market and money market mutual funds which are not insured. UUCEF maintains its cash balances at several financial institutions, which, at times, may exceed federally insured limits. UUCEF monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## *Notes to Financial Statements (in thousands)*

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### ***Investments***

Investments are stated at fair value as per the fair value policies outlined later in these accounting policies.

#### ***Fair Value Measurements***

UUCEF follows fair value standards of accounting with respect to its investments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted market prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The fair value standards also provide for a practical expedient of fair value allowing for the use of net asset value per share ("NAV") when certain requirements are met. The fair value standards require that for each item carried at fair value that such be disclosed in accordance with the valuation methods used following a categorization system based on the approach to determination of fair values as follows:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities that UUCEF has the ability to access at measurement date.

Level 2 – inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 – inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market and significant professional judgment is required in determining the fair value assigned to such assets or liabilities.

Items valued using NAV methods are separately categorized and disclosed.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of input that is significant to the fair value measurement in its entirety.

It is possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observable inputs and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## *Notes to Financial Statements (in thousands)*

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### ***Investment Income (Loss) and Realized and Unrealized Gains and Losses***

Interest income is recorded as earned. Dividend income is recognized on the ex-dividend date net of any withholding taxes on foreign dividends when applicable. Interest and dividend income is offset by operating expenses of the fund in arriving at net investment income (loss).

Realized gains and losses are recorded based on the trade date of the sale of the underlying security compared to its cost of acquisition. Unrealized gains and losses are determined by comparing current fair value to the cost of acquisition at the opening date of the year or when acquired.

#### ***Income Taxes***

UUCEF has been determined to be exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). UUCEF is classified under the Code as a public charity Type I supporting organization under Section 509(a)(3).

#### ***Uncertain Tax Positions***

UUCEF accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. UUCEF's status as a tax-exempt organization and its determination as to its investment returns being considered related to its exempt purpose are its key positions which do not result in an uncertainty requiring recognition. UUCEF is not currently under examination by any taxing jurisdiction. As a tax-exempt church related organization, UUCEF is exempt from filing certain non-profit filings such as Internal Revenue Service ("IRS") Form 990. UUCEF does file a Form 990T.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## *Notes to Financial Statements (in thousands)*

### **Note 3 - Investments and Fair Value**

The fair value of investments within the fair value hierarchy was as follows at June 30:

	<b>2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Investments Measured at NAV</b>	<b>Total</b>
Domestic Equity	\$ 61,521	\$ 9,884	\$ -	\$ 71,405
International Equity	27,171	41,097	-	68,268
Global Equity	-	25,568	-	25,568
Fixed Income	31,630	21,248	12,292	65,170
Opportunistic	16,861	-	512	17,373
Private Markets	-	-	12,522	12,522
Other	-	2,766	-	2,766
<b>Total investments</b>	<b>\$ <u>137,183</u></b>	<b>\$ <u>100,563</u></b>	<b>\$ <u>25,326</u></b>	<b>\$ <u>263,072</u></b>
	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Investments Measured at NAV</b>	<b>Total</b>
Domestic Equity	\$ 49,887	\$ 6,760	\$ -	\$ 56,647
International Equity	20,768	34,119	-	54,887
Fixed Income	29,257	21,857	12,008	63,122
Opportunistic	5,472	-	6,040	11,512
Private Markets	-	-	9,292	9,292
Other	-	2,674	-	2,674
<b>Total investments</b>	<b>\$ <u>105,384</u></b>	<b>\$ <u>65,410</u></b>	<b>\$ <u>27,340</u></b>	<b>\$ <u>198,134</u></b>

Investments have the following redemption notice periods at June 30, 2021:

Daily	\$ 143,926
Monthly	86,906
Bi-Monthly	16,440
Illiquid	<u>15,800</u>
<b>Total</b>	<b>\$ <u>263,072</u></b>

Unfunded commitments to the investment vehicles amounted to \$5,499 and \$5,675 at June 30, 2021 and 2020, respectively.

Management has no intentions or plans to liquidate any net asset value per share practical expedient investments at other than net asset value per share.

# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## Notes to Financial Statements (in thousands)

### Note 4 - Membership Interest and Related Party Transactions

The beneficial interests in UUCEF for the Association, affiliated member congregations and other qualified entities is represented by units without par value. Each unit represents an equal beneficial interest in the net assets of UUCEF. The Association, as manager of UUCEF, has full power and authority to issue additional units, redeem or cause the redemption of units, or take such other action with respect to the units as provided for under the Agreement.

The net increase (decrease) in net assets resulting from operations is allocated to each member on a monthly basis in proportion to the number of units held by them as of the valuation date.

The Association's endowment owned 43.4% and 43.6% of the units outstanding as of June 30, 2021 and 2020, respectively. The Association also administers trusts for the benefit of affiliated congregations and qualified entities which accounted for 7.1% and 7.9% of the units outstanding as of June 30, 2021 and 2020, respectively.

The Association earned administrative fees of \$463 and \$388 to manage UUCEF during the years ended June 30, 2021 and 2020, respectively. Amounts due to the Association were \$143 and \$108 at June 30, 2021 and 2020, respectively.

### Note 5 - Financial Highlights (in per share amounts)

Per unit operating performance (for a participating unit outstanding) for years the ended June 30, 2021 and 2020:

<b>Net asset value at July 1, 2019</b>		<b>\$</b>	<b>9.3463</b>
Net investment loss			(0.0094)
Net realized and unrealized gain			<u>0.1578</u>
<b>Net asset value at June 30, 2020</b>			<b>9.4947</b>
Net investment loss			(0.0295)
Net realized and unrealized gain			<u>2.5894</u>
<b>Net asset value at June 30, 2021</b>		<b>\$</b>	<b><u>12.0546</u></b>
		<b>2021</b>	<b>2020</b>
Total return to net assets (a)	27.30%		1.60%
Ratio of expenses to average net assets	0.98%		1.10%
Ratio of net investment loss to average net assets	0.26%		0.10%

(a) UUCEF's rate of return is calculated by the Association's investment consultant in accordance with the Global Investment Performance Standards which take into account intra-period cash flows, distributions and the relative weighting of asset classes.

# UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND LLC

## *Notes to Financial Statements (in thousands)*

### ***Note 5 - Financial Highlights (in per share amounts) (Continued)***

Financial highlights are calculated for members taken as a whole. A member's return and ratio may vary based on timing of capital transactions. The net investment income ratio does not reflect the income and expenses incurred by underlying private investment companies.

Rollforward of number of beneficial shares in units outstanding for the years ended June 30, 2021 and 2020:

<b>Beneficial shares in units outstanding at July 1, 2019</b>	<b>21,270,431</b>
Units issued	1,322,985
Units redeemed	(1,700,989)
Pending issuance	<u>10,440</u>
<b>Beneficial shares in units outstanding at June 30, 2020</b>	<b>20,902,867</b>
Units issued	2,377,148
Units redeemed	(1,106,367)
Pending issuance	<u>220,151</u>
<b>Beneficial shares in units outstanding at June 30, 2021</b>	<b><u><u>22,393,799</u></u></b>

### ***Note 6 - Subsequent Events***

UUCEF has evaluated subsequent events through November 22, 2021, the date the financial statements were authorized to be issued and has determined no items merit disclosure or adjustment.