

Better World Fund, Inc.

**Financial Statements and
Supplementary Information
December 31, 2016 and 2015**

Better World Fund, Inc.
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December 31, 2016 and 2015

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Report of Independent Auditors

To the Board of Directors of
Better World Fund, Inc.

We have audited the accompanying financial statements of the Better World Fund, Inc. (the "Fund"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, and of 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 the 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 the 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 our 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, we consider internal control relevant to the Company'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 Company'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 the Better World Fund, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

PricewaterhouseCoopers LLP

May 26, 2017

Better World Fund, Inc.
Statements of Financial Position
Years Ended December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 1,929,841	\$ 3,842,307
Investments	2,740,443	2,571,870
Contributions receivable, net	125,000	44,248
Other assets	15,944	148,550
Total assets	<u>\$ 4,811,228</u>	<u>\$ 6,606,975</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 218,712	\$ 275,775
Due to an affiliate, net	391,769	455,142
Deferred government grants	11,014	-
Unexpended grants, net	-	11,618
Total liabilities	<u>621,495</u>	<u>742,535</u>
Net assets		
Unrestricted net assets	1,355,209	3,122,777
Temporarily restricted net assets	259,524	166,663
Permanently restricted net assets	2,575,000	2,575,000
Total net assets	<u>4,189,733</u>	<u>5,864,440</u>
Total liabilities and net assets	<u>\$ 4,811,228</u>	<u>\$ 6,606,975</u>

The accompanying notes are an integral part of these financial statements.

Better World Fund, Inc.
Statements of Activities
Years Ended December 31, 2016 and 2015

	2016	2015
Change in unrestricted net assets		
Revenues and other changes		
Contributions from related party	\$ 3,399,548	\$ 4,500,000
Contributions from third parties	212,779	772,442
Government grants	110,748	51,308
Interest and dividends	5,517	2,863
Grant recoveries, adjustments, other	484,393	915,639
Total unrestricted revenues and other changes	<u>4,212,985</u>	<u>6,242,252</u>
Net assets released from restriction	<u>793,989</u>	<u>2,064,860</u>
Total unrestricted revenues and other support	<u>5,006,974</u>	<u>8,307,112</u>
Expenses		
Program services	5,420,202	7,088,232
General and administrative	749,832	785,128
Fundraising	604,508	830,017
Total expenses	<u>6,774,542</u>	<u>8,703,377</u>
Change in unrestricted net assets	(1,767,568)	(396,265)
Unrestricted net assets		
Beginning of year	<u>3,122,777</u>	<u>3,519,042</u>
End of year	<u>1,355,209</u>	<u>3,122,777</u>
Change in temporarily restricted net assets		
Contributions from related parties	221,250	502,800
Contributions from third parties	497,027	482,899
Interest and dividends	125,053	138,088
Net realized and unrealized gain/loss and fees on investment	43,520	(147,541)
Grant recoveries, adjustments, other	-	-
Uncollectible contributions	-	-
Net assets released from restriction	<u>(793,989)</u>	<u>(2,064,860)</u>
Change in temporarily restricted net assets	92,861	(1,088,614)
Temporarily restricted net assets		
Beginning of year	<u>166,663</u>	<u>1,255,277</u>
End of year	<u>259,524</u>	<u>166,663</u>
Change in permanently restricted net assets		
Other adjustments	<u>-</u>	<u>-</u>
Change in permanently restricted net assets	-	-
Permanently restricted net assets		
Beginning of year	<u>2,575,000</u>	<u>2,575,000</u>
End of year	<u>2,575,000</u>	<u>2,575,000</u>
Change in net assets	(1,674,707)	(1,484,879)
Net assets		
Beginning of year	<u>5,864,440</u>	<u>7,349,319</u>
End of year	<u>\$ 4,189,733</u>	<u>\$ 5,864,440</u>

The accompanying notes are an integral part of these financial statements.

Better World Fund, Inc.
Statement of Cash Flows
For the years ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ (1,674,707)	\$ (1,484,879)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Grant recoveries	(5,320)	(42,916)
Amortization of discount for contributions receivable	-	(449)
Write off of contributions receivable	-	3,000
Net realized and unrealized loss (gain) on investments	(43,520)	147,542
Decrease (increase) in accounts receivable	144,405	(148,529)
(Increase) decrease in contributions receivables	(80,752)	135,000
(Increase) decrease in prepaid expenses	(11,799)	8,275
Decrease in accounts payable and accrued expenses	(57,063)	(25,105)
(Decrease) increase in unexpended grants	(6,298)	50,459
Decrease in due to an affiliate	(63,373)	(392,393)
Increase (decrease) in deferred government grants	11,014	(35,932)
Net cash used in operating activities	<u>(1,787,413)</u>	<u>(1,785,927)</u>
Cash flows from investing activities		
Purchase of investments	(125,053)	(712,893)
Proceeds from the sale of investments	-	84,500
Net cash used in investing activities	<u>(125,053)</u>	<u>(628,393)</u>
Change in cash and cash equivalents	(1,912,466)	(2,414,320)
Cash and cash equivalents		
Beginning of year	<u>3,842,307</u>	<u>6,256,627</u>
End of year	<u>\$ 1,929,841</u>	<u>\$ 3,842,307</u>

The accompanying notes are an integral part of these financial statements.

Better World Fund, Inc.

Notes to the Financial Statements

December 31, 2016 and 2015

1. Description of the Organization

In March 1998, R.E. (Ted) Turner established Better World Fund, Inc. (“BWF” or “Fund”) and its sister organization, United Nations Foundation, Inc. (“UNF” or “Foundation”), to support the efforts of the United Nations (“UN”). BWF was formed to support charitable causes through raising funds from the general public to enable it to carry on a discretionary grant-making program and educating the public regarding the UN and its work in the areas of: 1) women and population, 2) the environment, 3) children’s health, and 4) peace, security and human rights.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments purchased with original maturities of three months or less. Cash equivalents consist of funds held in a money market account which are available for immediate withdrawal without penalty.

Valuation of Investments

The Fund carries its investments at market value to the extent that market quotations are readily available and reliable. To the extent that market quotations are not available or are considered to be unreliable, fair value is estimated by the investment manager under the general oversight of the Board of Directors of the Fund after consideration of factors considered to be relevant, including but not limited to, the type of investment, position size, marketability, (or absence thereof) cost, restrictions on transfer, and available quotations of similar instruments. Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been obtained had a ready market for the investments existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. There is no single standard for determining fair value in good faith, as fair value depends upon circumstances of each individual case. In general, fair value is the amount that the Fund might reasonably expect to receive upon the current sale of the investment in an arms-length transaction in the investment’s principal market.

The change in net unrealized gains or losses on investment securities is reflected in the Statements of Activities. All gains and losses arising from the sale, collection, or other disposition of investments are accounted for on a specific identification basis calculated as of the transaction date.

See Note 3 for further details on valuation of investments.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the half-year convention over the estimated useful lives ranging from two to eight years or the life of the lease, whichever is shorter. When assets are sold or retired, the related cost and accumulated depreciation are removed from the account. Any gain or loss resulting from disposition is credited or charged to operations. Expenditures for repairs and maintenance are charged to operations as incurred.

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Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when events and circumstances indicate that the carrying amount of an asset may not be recoverable. BWF's policy is to record an impairment loss when it is determined that the carrying amount of the asset exceeds the sum of the expected undiscounted future cash flows resulting from use of the asset and its eventual disposition. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. There were no impairment charges for the years ended December 31, 2016 and 2015.

Concentration of Credit Risk

Financial instruments, which potentially subject BWF to a concentration of credit risk, consist of demand deposits placed with one financial institution. BWF places its cash and cash equivalents with high credit quality financial institutions that are federally insured under the Federal Depository Insurance Corporation Act (FDICA). At December 31, 2016 and 2015, the aggregate balances in excess of the insurance limits were approximately \$1,700,000 and \$3,600,000, respectively, and therefore bear some risk since they are not collateralized. BWF has not experienced any losses on its cash and cash equivalents to date, as they relate to FDICA insurance limits and do not expect such losses in the future.

Classification of Net Assets

BWF's net assets have been grouped into the following three classes:

Unrestricted Net Assets

Unrestricted net assets are those whose use by BWF is not subject to any donor-imposed stipulations. Unrestricted net assets generally result from unrestricted contributions, unrealized and realized gains and losses, and interest from investing unrestricted net assets in income-producing assets, less expenses incurred in making grants, raising contributions, and performing administrative functions. Board designated voluntary restrictions, such as voluntarily earmarking assets for a particular purpose, are included among the unrestricted net assets of BWF. The board is free to designate certain portions of its funds for certain activities; however, these are included among unrestricted net assets since they are not bound by restrictions imposed by a donor.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by BWF is subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the BWF pursuant to those stipulations. When these restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets have donor-imposed stipulations that require that the corpus of the gifts be retained permanently.

As a result of the dissolution of the former United Nations Association of the United States of America ("UNA-USA"), BWF received an endowment contribution of \$2,625,000 in permanently restricted funds. In 2013, with donor consent, \$50,000 of permanently restricted funds became temporarily restricted. The interest generated by these funds is for the maintenance and operation of a conference room and for general operations of BWF UNA-USA programs.

Better World Fund, Inc.
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Contributions

BWF recognizes contributions and unconditional promises to give as revenue in the period received or promised, whichever is earlier. All contributions are considered to be unrestricted unless specifically restricted by the donor. Contributions are reported as temporarily restricted if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a purpose restriction is accomplished or a stipulated time restriction ends. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets in the Statements of Activities as net assets released from restrictions.

Unconditional promises to give involve fair value measurement only upon initial recognition. Unconditional promises to give, which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to any other similar nonprofit organization. This approach is consistent with the guidance provided under Accounting Standards Codification ("ASC") Topic 820. Discount rates are based on market participants. The discount rate for 2016 was 2.39%.

Grants

The amount for which BWF is obligated is recorded when the project has been approved by its Board of Directors. Grants contingent upon third party funding or other conditions are recognized as the conditions are met.

Grants payable involve fair value measurement only upon initial recognition. Grants payable, which are expected to be paid in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to other similar nonprofit organizations. This approach is consistent with the guidance provided under Accounting Standards Codification ("ASC") Topic 820. There were no discounted grants payable in 2016 or 2015.

At the end of the approved grant term and upon completion of BWF's internal grant modification and closing process, grant recoveries and adjustments are recorded in the period in which they are closed or modified as reflected on the Statements of Activities. As of December 31, 2016 and 2015, grant recoveries and adjustments were recorded related to closed grants with pending refunds in the amounts of \$5,320 and \$42,916, respectively.

Government Grants

BWF receives various grants from Federal Government agencies for the purpose of furthering its mission of educating the public regarding the UN and its work. Grants are recognized as support and the related project costs are recorded as expenses when services related to grants are incurred. Grants receivable are included in Other Assets in the Statements of Financial Position. Grant income is included in Government Grants in the Statement of Activities.

Income Taxes

BWF has received a ruling from the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code as a public charity, other than unrelated business income. Since BWF has no significant unrelated business income, no provision for income tax has been recorded.

Better World Fund, Inc.

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FASB's guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as "more likely than not" that the position is sustainable, based on its technical merits. This guidance also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. There was no impact on BWF's financial statements during the years ended December 31, 2016 and 2015 resulting from this guidance.

Use 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses, including donated services and functional allocation of expenses, and the carrying value of certain investments, grants payable and contributions receivable, during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued a standard on "*Revenue from Contracts with Customers*". This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2018. The Fund is evaluating the impact this will have on the consolidated financial statements

Out of Period Adjustment

A revenue transaction corresponding to fiscal year 2015 was incorrectly recorded as other revenue in fiscal year 2016 on the Statement of Activities. In the current year, the Foundation revised the 2015 financial statements to increase the "Grant recoveries, adjustments, other" totaling \$125,000. The error correction on the 2015 statement of financial position results in an increase of unrestricted net assets by \$125,000. Management believes the adjustment is not material to the prior year financial statements. This error correction does not affect the statement of cash flows.

3. Fair Value Measurements

FASB's guidance on the fair value option for financial assets and financial liabilities permits companies to choose to measure many financial assets and liabilities, and certain other items at fair value. This guidance requires a company to record unrealized gains and losses on items for which the fair value option has been elected in the Statement of Activities. The fair value option may be applied on an instrument by instrument basis. Once elected, the fair value option is irrevocable for that instrument. The fair value option can be applied only to entire instruments and not to portions thereof. BWF did not elect fair value accounting for any asset or liability that was not currently required to be measured at fair value.

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. The fair value standard discusses valuation techniques such as the market approach, cost approach and income

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approach and establishes a three-tier level hierarchy for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1 Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in this category included listed equities and listed mutual funds.

- Level 2 Pricing inputs including market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The Fund does not hold assets or liabilities in this category.

- Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation. The Fund does not hold assets or liabilities in this category.

An investment's level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment on the part of the Fund. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the perceived risk of that investment.

The following tables present the financial investments in which BWF invests. The following investments are carried at fair value as of December 31, 2016 and 2015, by the fair valuation hierarchy defined above:

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	Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value at December 31, 2016
Investments				
Mutual fund				
Balanced fund	\$ 2,740,443	\$ -	\$ -	\$ 2,740,443
	<u>\$ 2,740,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,740,443</u>

	Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value at December 31, 2015
Investments				
Mutual fund				
Balanced fund	\$ 2,571,871	\$ -	\$ -	\$ 2,571,871
	<u>\$ 2,571,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,571,871</u>

There were no transfers between Level 1, 2 or 3 for the years ended December 31, 2016 and 2015.

The following estimates and assumptions were used to determine the fair value of each class of financial instruments listed above:

Balanced Funds

This asset is a separately held account in an investment fund that is a publicly traded security. The fund invests in 60% stocks and 40% bonds, including domestic and international stock funds and U.S. bond funds. The mutual funds exist in an active market and is classified as Level 1.

The fair value and cost of investments in which BWF invests at December 31 were as follows:

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Mutual fund				
Balanced fund	\$ 2,740,443	\$ 2,838,201	\$ 2,571,871	\$ 2,713,148
	<u>\$ 2,740,443</u>	<u>\$ 2,838,201</u>	<u>\$ 2,571,871</u>	<u>\$ 2,713,148</u>

4. Contributions Receivable

Contributions receivable as of December 31, are as follows:

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	2016	2015
Less than one year	\$ 125,000	\$ 44,248
One year to five years	-	-
	<u>125,000</u>	<u>44,248</u>
Less: Discount	-	-
Contributions receivable, net	<u>\$ 125,000</u>	<u>\$ 44,248</u>

Net contributions receivable as of December 31, 2016 consisted of \$125,000 from one donor. Net contributions receivable as of December 31, 2015 consisted of \$44,248 from one donor.

Contributions receivable recorded in 2016 and 2015 which are expected to be received in future years are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to any other similar nonprofit organizations. Discount rates are based on borrowing rates from local banking institutions which would be extended to similar market participants. The discount rate for 2016 was 2.39%.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31 have been restricted by donors for the following purposes:

	2016	2015
Environment	135,918	123,571
UNA-USA	121,704	32,144
Women and population	1,902	7,239
Other	-	3,709
	<u>259,524</u>	<u>166,663</u>

6. Release of Temporarily Restricted Net Assets

Temporarily restricted net assets were released from restriction for the following purposes for the years ended December 31:

	2016	2015
Environment	\$ 469,033	\$ 1,084,044
UNA-USA	315,910	86,294
Women and population	5,336	316,521
Other	3,710	78,000
Elder project	-	500,001
	<u>\$ 793,989</u>	<u>\$ 2,064,860</u>

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7. Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2016 and 2015 in the amount of \$2,575,000 have been restricted by donors for UNA-USA programs.

8. Endowment Net Assets

The Board of the Fund has interpreted the District of Columbia enacted version of “Uniform Prudent Management of Institutional Funds Act” (UPMIFA) as requiring the preservation 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 Fund classifies as permanently restricted net assets, (a) the original value of 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 of the Fund in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Fund 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 Fund
- (7) The investment policies of the Fund

The Fund had the following endowment balances during the year ended December 31, 2016 and 2015 delineated by net asset class and donor-restricted versus Board-designated funds:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds				
At December 31, 2016	\$ -	\$ -	\$ 2,575,000	\$ 2,575,000
At December 31, 2015	\$ -	\$ -	\$ 2,575,000	\$ 2,575,000

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Changes in Endowment net assets are summarized as follows for the years ended December 31, 2016 and 2015:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at January 1, 2016	\$ -	\$ 2,575,000	\$ 2,575,000
Investment return			
Investment income	125,054	-	125,054
Net realized and unrealized gains and losses	43,520	-	43,520
Total investment return	<u>168,574</u>	<u>2,575,000</u>	<u>2,743,574</u>
Contributions			-
Appropriation of endowment net assets for expenditures	(168,574)	-	(168,574)
Transfer of balance of net depreciation to unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets at December 31, 2016	<u>\$ -</u>	<u>\$ 2,575,000</u>	<u>\$ 2,575,000</u>
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at January 1, 2015	\$ -	\$ 2,575,000	\$ 2,575,000
Investment return			
Investment income	137,893	-	137,893
Net realized and unrealized gains and losses	(147,541)	-	(147,541)
Total investment return	<u>(9,648)</u>	<u>2,575,000</u>	<u>2,565,352</u>
Contributions	-	-	-
Appropriation of endowment net assets for expenditures	9,648	-	9,648
Transfer of balance of net depreciation to unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets at December 31, 2015	<u>\$ -</u>	<u>\$ 2,575,000</u>	<u>\$ 2,575,000</u>

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. There were no deficits of this nature reported in unrestricted net assets as of December 31, 2016 and 2015, respectively.

Return Objectives and Risk Parameters

The Fund has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a composite index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The Fund expects its endowment funds over time, to produce results that meet or exceed the performance of the index and median peer performance for asset benchmarks net of expenses.

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Strategies Employed for Achieving Investment Objectives

To satisfy its long-term rate-of-return objectives, the Fund relies on a balanced strategy in which investment returns are achieved through both long-term capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund seeks a balanced asset allocation that places emphasis on equity-based investments and bonds to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

BWF has a policy of reviewing for appropriation each year the investment income for permanently restricted purposes, such as the maintenance and operation of a conference room and for general operations of BWF UNA-USA programs. In establishing this policy, the Fund considered the long-term expected return on its endowment. Accordingly, over the long-term, the Fund expects the current spending policy to allow its endowment to maintain the purchasing power of the original endowment assets held in perpetuity.

9. Related Parties

Contributions

During 2016 and 2015, BWF recognized contribution revenue from affiliated organizations of \$250,000 and \$480,000, respectively. Contributions of \$3,399,547 and \$4,578,000 were received through donations of cash from UNF for the years ended December 31, 2016 and 2015, respectively.

Grants

In 2016 and 2015, BWF approved grants totaling \$15,925 and \$500,300 respectively, to affiliated organizations. At December 31, 2016 and 2015, respectively no unexpended grants remained payable to affiliated organizations.

Cost-Sharing Agreement

UNF and BWF have a cost-sharing agreement whereby operating costs are shared based upon the relative portions of annual grant making, employee time incurred, or labor costs, depending on the type of expenditure. During 2016 and 2015, \$1,618,643 and \$1,696,873, respectively, of such cost was incurred and allocated by UNF to BWF and was recorded by UNF as "Due from an Affiliate." The allocation ratio of the operating expenses between UNF and BWF were 87%:13% for the years ended December 31, 2016 and 2015. At December 31, 2016 and 2015, \$391,769 and \$455,143, respectively, were receivable by UNF from BWF and included in "Due from an Affiliate" in the Statements of Financial Position

10. Subsequent Events

BWF has performed an evaluation of subsequent events through May 26, 2017, which is the date the financial statements were available to be issued, noting no additional events which would affect the financial statements as of December 31, 2016.

Supplementary Information

Better World Fund, Inc.
Supplemental Schedule of Functional Expenses
Years Ended December 31, 2016 and 2015

	Program Services					Supporting Services				
	Advocacy	Environment	Women and Population	UN Strengthening	Total Program Services	General and Administrative	Fund Raising	Total Supporting Services	2016 Total Expenses	2015 Total Expenses
Personnel expenses	\$ 1,543,340	\$ 420,645	\$ -	\$ 966,602	\$ 2,930,587	\$ 568,932	\$ 382,419	\$ 951,352	\$ 3,881,939	\$ 4,165,728
Professional fees	1,196,873	103,835	5,645	156,142	1,462,495	85,732	64,016	149,748	1,612,243	2,244,817
Occupancy	164	-	-	981	1,145	9	327	336	1,481	2,255
Information technology	3,182	462	-	1,894	5,539	3,311	389	3,700	9,239	5,380
Communications	21,175	5,913	-	22,280	49,368	9,467	8,556	18,023	67,391	87,689
Postage and delivery	3,942	1,000	-	9,140	14,082	1,813	3,435	5,248	19,330	18,932
Printing and reproduction	13,773	612	-	23,977	38,363	1,274	7,978	9,251	47,614	89,013
Travel	126,494	15,329	-	113,371	255,194	24,824	44,618	69,443	324,637	337,787
Other operating	195,885	47,551	498	259,746	503,679	54,469	92,770	147,239	650,918	1,007,199
Grant expense	60,000	22,750	-	77,000	159,750	-	-	-	159,750	744,577
Total expenses	\$ 3,164,828	\$ 618,097	\$ 6,143	\$ 1,631,133	\$ 5,420,202	\$ 749,831	\$ 604,508	\$ 1,354,340	\$ 6,774,542	\$ 8,703,377