

United Nations Foundation, Inc.

**Financial Statements
December 31, 2021 and 2020**

United Nations Foundation, Inc.

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December 31, 2021 and 2020

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Report of Independent Auditors

To the Board of Directors of United Nations Foundation, Inc.

Opinion

We have audited the accompanying financial statements of United Nations Foundation, Inc. (the "Foundation"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of activities, of functional expenses and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the results of its operations, its changes in 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 audit in accordance with auditing standards generally accepted in the United States of America (US 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Foundation's ability to continue as a going concern for one year after the date 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 US 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 US 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 the Foundation'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 the Foundation'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.

PricewaterhouseCoopers LLP

Baltimore, Maryland
May 27, 2022

United Nations Foundation, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 83,260,615	\$ 83,553,215
Investments	201,491,355	193,707,536
Accounts receivable	626,641	773,463
Contributions receivable, net	65,316,688	90,456,938
Prepaid expenses and deposits	702,698	1,497,354
Related party receivable, net	3,123,470	1,035,796
Property and equipment, net	4,092,532	4,762,390
Total assets	<u>\$ 358,613,999</u>	<u>\$ 375,786,692</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	7,160,550	7,624,529
Deferred rent and landlord allowance	12,267,831	13,332,769
Total liabilities	<u>19,428,381</u>	<u>20,957,298</u>
Net assets		
Net assets without donor restrictions	217,811,099	219,316,510
Net assets with donor restrictions	121,374,519	135,512,884
Total net assets	<u>339,185,618</u>	<u>354,829,394</u>
Total liabilities and net assets	<u>\$ 358,613,999</u>	<u>\$ 375,786,692</u>

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

UNITED NATIONS FOUNDATION, INC.
Statements of Activities
For the Year Ended December 31, 2021, and 2020

	2021	2020
Change in net assets without donor restrictions		
Revenues		
Contributions	\$ 8,142,825	\$ 18,786,085
Government grants	460,078	833,368
Investment return, net	20,914,939	33,493,682
Other sources of income	2,334,972	2,064,719
Total support and revenues before net asset release from restrictions	31,852,814	55,177,854
Net assets released from restriction	86,442,250	253,010,021
Total support and revenues	118,295,064	308,187,875
Expenses		
Program services	107,056,454	268,149,001
General and administrative	7,852,701	7,503,546
Fundraising	4,891,320	4,643,732
Total expenses	119,800,475	280,296,279
Change in net assets without donor restrictions	(1,505,411)	27,891,596
Net assets without donor restrictions		
Beginning of year	219,316,510	191,424,914
End of year	217,811,099	219,316,510
Change in net assets with donor restrictions		
Contributions	73,389,891	261,055,539
Grant recoveries and other adjustments	(274,199)	593,923
Net realized and unrealized foreign currency exchange (loss) gain	(811,807)	1,148,175
Net assets released from restriction	(86,442,250)	(253,010,021)
Change in net assets with donor restrictions	(14,138,365)	9,787,616
Net assets with donor restrictions		
Beginning of year	135,512,884	125,725,268
End of year	121,374,519	135,512,884
Change in net assets	(15,643,776)	37,679,212
Net assets		
Beginning of year	354,829,394	317,150,182
End of year	\$ 339,185,618	\$ 354,829,394

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

United Nations Foundation, Inc.
Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	Program Services						Supporting Services			2021 Total Expenses
	Advocacy	Children's Health	Environment	Women & Population	UN Strengthening	Total Program Services	General & Administrative	Fund- Raising	Total Supporting Services	
Personnel expenses	\$ 18,607	\$ 13,317,579	\$ 6,949,692	\$ 8,819,129	\$ 2,215,466	\$ 31,320,473	\$ 3,777,878	\$ 2,445,860	\$ 6,223,738	\$ 37,544,211
Professional fees	5,536	9,535,604	7,651,470	5,041,237	3,169,759	25,403,606	1,399,870	1,047,611	2,447,481	27,851,087
Occupancy	8,435	1,746,057	521,448	386,279	387,177	3,049,396	1,330,059	1,069,384	2,399,443	5,448,839
Information technology	537	140,986	44,976	32,638	27,339	246,476	328,934	3,954	332,888	579,364
Communications	199	96,558	19,604	26,381	15,348	158,090	98,110	11,230	109,340	267,430
Postage and delivery	48	17,452	7,159	7,403	2,783	34,845	15,543	4,651	20,194	55,039
Printing and reproduction	3	94,520	1,082	2,409	153	98,167	341	10,243	10,584	108,750
Insurance	123	25,502	7,162	4,308	5,655	42,750	19,426	15,577	35,003	77,752
Travel	317	198,147	88,875	55,511	15,503	358,353	9,903	17,409	27,312	385,667
Other operating	2,696	1,064,963	450,545	804,039	135,000	2,457,243	872,636	265,402	1,138,038	3,595,281
Grant expense	126,504	26,187,947	7,354,340	4,411,248	5,807,016	43,887,055	-	-	-	43,887,055
Total expenses	\$ 163,005	\$ 52,425,315	\$ 23,096,353	\$ 19,590,582	\$ 11,781,199	\$ 107,056,454	\$ 7,852,700	\$ 4,891,321	\$ 12,744,021	\$ 119,800,475

	Program Services					Supporting Services			2020 Total Expenses	
	Advocacy	Children's Health	Environment	Women & Population	UN Strengthening	Total Program Services	General & Administrative	Fund- Raising		Total Supporting Services
Personnel expenses	\$ 2,027	\$ 14,564,561	\$ 5,659,502	\$ 8,261,812	\$ 1,393,530	\$ 29,881,432	\$ 3,083,605	\$ 2,193,028	\$ 5,276,632	\$ 35,158,065
Professional fees	549	7,268,657	5,025,272	3,191,485	3,402,889	18,888,853	1,285,925	783,787	2,069,712	20,958,565
Occupancy	1,180	2,430,523	283,350	188,618	94,560	2,998,231	1,665,758	1,107,587	2,773,345	5,771,576
Information technology	33	113,730	9,825	47,671	12,535	183,793	122,875	11,434	134,310	318,103
Communications	22	70,376	14,897	26,882	14,806	126,984	88,676	13,562	102,238	229,221
Postage and delivery	6	39,318	1,370	6,965	712	48,371	14,695	24,299	38,994	87,364
Printing and reproduction	2	32,462	2,861	9,399	-	44,724	3,288	25,218	28,506	73,231
Insurance	25	51,112	3,889	2,101	5,803	62,930	76,907	15,334	92,241	155,171
Travel	10	194,638	70,673	296,764	126,581	688,665	23,662	33,137	56,798	745,463
Other operating	520	1,496,951	181,558	678,647	298,977	2,656,653	1,138,156	436,346	1,574,502	4,231,155
Grant expense	90,569	183,810,332	14,002,509	7,404,535	7,260,419	212,568,364	-	-	-	212,568,364
Total expenses	\$ 94,942	\$ 210,072,662	\$ 25,255,707	\$ 20,114,879	\$ 12,610,812	\$ 268,149,001	\$ 7,503,546	\$ 4,643,732	\$ 12,147,278	\$ 280,296,278

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

United Nations Foundation, Inc.
Statements of Cash Flow
December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ (15,643,776)	\$ 37,679,212
Adjustments to reconcile change in net assets to net cash		
Used in operating activities		
Depreciation	669,859	1,050,627
Write-offs	691,032	413,765
Amortization of discount for contributions receivable	(113,855)	(1,074,509)
Accretion of landlord allowance	(631,836)	(631,836)
Noncash contribution received	(6,010,434)	(708,389)
Proceeds from sale of donated securities	6,010,434	708,389
Net realized and unrealized gain on investments	(21,672,800)	(33,469,307)
Net realized and unrealized foreign currency exchange loss/(gain)	1,029,066	(1,148,175)
Changes in operating assets and liabilities		
Decrease in accounts receivable	146,820	4,601,741
Decrease in contributions receivable	23,534,005	5,141,344
Decrease (increase) in prepaid expenses and deposits	794,656	(180,213)
(Increase) decrease in related party receivable	(2,087,674)	1,257,909
(Decrease) increase in accounts payable and accrued expenses	(463,979)	2,997,731
Decrease in deferred grant revenue	-	(15,149)
Decrease in unexpended grants	-	(36,000)
Decrease in deferred rent	(433,102)	(284,725)
Net cash used in operating activities	<u>(14,181,585)</u>	<u>16,302,415</u>
Cash flows from investing activities		
Purchase of investments	(4,208,094)	(502,892)
Proceeds from the sale of investments	18,097,078	27,367,051
Proceeds from sale of property and equipment	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>13,888,984</u>	<u>26,864,159</u>
Change in cash and cash equivalents	(292,600)	43,166,574
Cash and cash equivalents		
Beginning of year	<u>83,553,215</u>	<u>40,386,641</u>
End of year	<u>\$ 83,260,615</u>	<u>\$ 83,553,215</u>
Supplemental information		
Donated securities	\$ 6,010,434	\$ 708,389

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

United Nations Foundation, Inc.

Notes to the Financial Statements

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1. Description of the Organization

In March 1998, R.E. (Ted) Turner established the United Nations Foundation, Inc. (the “Foundation” or “UNF”) and its sister organization, Better World Fund, Inc. (“BWF”), to support the efforts of the United Nations (“UN”). UNF’s mission is to promote a more peaceful, prosperous, and just world – through support of the United Nations and its Charter, with special emphasis on the UN’s work on behalf of economic, social, environmental, and humanitarian causes. UNF focuses on four main programs: 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 (“GAAP”).

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.

Liquidity and Availability

The Foundation regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available cash. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, and investments.

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

As of December 31, 2021, the financial assets available within one year to meet general expenditures were as follows:

Cash and cash equivalents	\$ 83,260,615
Investments	201,491,355
Accounts receivable	626,641
	<u>\$ 285,378,611</u>

As part of the Foundation’s liquidity management plan, cash in excess of daily requirements is invested as described in Note 3.

Investments and investment return

Investments are measured at fair value in the Statement of Financial Position based on the methodology described in Note 3. The Foundation carries its investments at fair 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 reported based on the values reported by third-party investment managers, under the general oversight of the Investment Sub-Committee of the Foundation 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

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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 the circumstances of each individual case. In general, fair value is the amount that the Foundation might reasonably expect to receive upon the current sale of the investment in an arms-length transaction in the investment's principal market.

Investment return, net (consisting of realized and unrealized gains and losses on investments, interest and dividends) are included in the change in net assets without donor restriction unless the income is restricted by donors. 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.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the half-year convention over the estimated useful lives of assets ranging from three to seven years or the remaining life of the lease, whichever is shorter. Improvements to property and equipment that substantially extend the useful life of the asset are capitalized. Land is recorded at fair value at the date of contribution. 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 maintenances are charged to operations as incurred.

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. UNF'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, 2021 and 2020.

Concentration of Credit Risk

Financial instruments, which potentially subject UNF to a concentration of credit risk, consist of cash and demand deposits placed with one financial institution. UNF places its cash and cash equivalents with high credit quality financial institutions that are federally insured under the Federal Depositary Insurance Corporation Act (FDICA). Total deposits maintained at these institutions at times exceeded the amount insured by federal agencies and therefore, bear a risk of loss. UNF has not experienced any losses on these funds.

Leases and Leasehold Improvements

During 2011, UNF entered into a new agreement to lease office space in New York City to relocate its offices from one floor to another within the same building. This lease agreement has a term of 10 years and seven months which expires in 2022.

During 2012, UNF entered into a new agreement to lease office space in Washington, DC for its new headquarters location. The lease agreement has a term of 15 years, commencing in January 2014 and expiring in December 2028. As a result of the move to its new headquarters location in 2014,

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UNF provided lease termination notices to two other DC landlords. The move to the new headquarters location was effective on January 1, 2014.

During 2014, UNF amended its headquarters lease agreement to include two additional storage spaces. The first storage space lease has a term of 14 years and 5 months commencing in August 2014 and expiring in December 2028. The second storage space lease has a term of 14 years commencing in December 2014 and expiring in December 2028.

During 2015, UNF entered into an agreement to sublease the 2nd floor office space in Washington, DC. The sublease agreement had a three-year term, commencing in January 2016 and expiring in December 2018.

During 2015 UNF further amended its headquarters lease agreement to include 10,992 square feet of additional office space on the second floor. The second-floor lease has a term of 13 years and 9 months, commencing in April 2015 and expiring in December 2028.

During 2018, UNF entered into a new agreement to lease office space in New York City for its new office location. The lease agreement has a term of 10 years, commencing in January 2019 and expiring in March 2029. As a result of the move to its office space location in January 2019, UNF provided a lease termination notice to the previous New York City landlord.

UNF occupies two US offices in the US. The Washington, D.C. office is the organization's headquarters and the current lease for that space expires in December 2028. In addition to the office space there are two storage spaces in the headquarters location that are leased with expiration in December 2028. UNF subleases one floor of the leased space in Washington, D.C. through December 2022. UNF also occupies space in New York City through a lease agreement expiring in March 2029.

Landlord Allowance

As an incentive for entering into the lease agreement for its headquarters location in Washington, DC, UNF received a commitment for cash allowances as follows: 1) \$315,281 to cover the lease termination fee at one Washington, DC location, 2) \$335,741 to cover the lease termination fee and \$1,514,607 to cover post-move rent payments due at another Washington, DC location, and 3) \$7,011,668 to cover tenant improvements at the new headquarters location. Leasehold improvements, landlord allowances and credits, and total base rent under the lease are amortized over a 16-year and three-month period, commencing when UNF took possession of the space to begin tenant improvements in October 2012 and ending at the end of the lease term in November 2028. As an incentive for entering into the lease agreement for the second floor in its headquarters location in Washington, DC, UNF received a commitment for a cash allowance towards tenant improvements. The value of this allowance payment and total base rent under the lease is amortized over a 13 year, 9-month period commencing when UNF took possession of the space to begin tenant improvements in April 2015 and ending at the end of the lease term in December 2028. As of December 31, 2021, and 2020, \$12,267,831 and \$13,332,769, respectively, is included in deferred rent and landlord allowance on the Statements of Financial Position.

Classification of Net Assets

UNF's net assets have been grouped into the following two classes:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those whose use by UNF is not subject to any donor-imposed stipulations. Net assets without donor restrictions generally result from contributions without

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donor restrictions, unrealized and realized gains and losses, and interest from investing net assets without donor restrictions in income-producing assets, less expense 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 net assets without donor restrictions of UNF. The board is free to designate certain portions of its funds for certain activities; however, these are included among net assets without restrictions since they are not bound by restrictions imposed by a donor. As of December 31, 2021, and 2020, no UNF net assets without donor restrictions have been designated as grant matching funds.

The Board of Directors has set aside funds from the R.E. (Ted) Turner's unrestricted contributions for the long-term sustainability goals of the Foundation. As of December 31, 2021 and 2020, the board-designated balance was approximately \$201.4 million and \$193.7 million, respectively.

Net Assets with Donor Restrictions

Net assets with donor restrictions are those whose use by UNF is subject to explicit donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the UNF pursuant to those stipulations. When these restrictions are met, these net assets are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restriction.

Contributions

UNF recognizes unconditional promises to give at fair value in the period received or promised, whichever is earlier. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received, and conditions have been met. All contributions are without donor restrictions unless specifically restricted by the donor. Contributions are reported as donor 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, net assets with donor restrictions are reclassified to net assets without donor restrictions in the Statements of Activities as net assets released from restrictions.

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, net of an applicable reserve for collectability. Discount rates used are equal to the borrowing rates from a local banking institution which would be extended to any other similar non-profit organization. In 2021 and 2020, there were no contributions received in prior years, respectively, that were returned to donors either because the Foundation could not implement the purpose for which the contribution was originally received, or residual funds existed on closed grants/projects.

COVID-19 Solidarity Response Fund

In March 2020, UNF entered into a fiduciary agreement with the World Health Organization ("WHO") to manage contributions to the COVID-19 Solidarity Response Fund ("COVID-19 Fund"). These resources were rapidly deployed to provide pieces of personal protective equipment and medical supplies, and critical support to the WHO's efforts to prevent, detect and respond to the pandemic around the world. Contributions to the COVID-19 Fund totaled \$186.5 million through December 31, 2020. The COVID-19 Fund was concluded in March 2021. The Foundation received additional contributions to the COVID-19 Fund of \$2.2 million from January 1, 2021 through March 2021.

Government Grants

UNF receives various grants from Federal Government agencies for the purpose of furthering its mission in the areas of women and population, the environment, and children's health. The Foundation has determined that there is not exchange back to the granting authority. Therefore, the

United Nations Foundation, Inc.

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Foundation accounts for these grants under the contribution model, which is outside the scope of Topic 606.

The Foundation receives contributions in the form of conditional government grants. The grants are carried out for program related activities that benefit the general public, and not for the government's own use. The grants are considered conditional due to the requirement of spending the awarded funds on qualifying expenses and a right of return exists for unexpended funds. The grants are reimbursed after the expenses have been incurred. As of December 31, 2020, the Foundation had no conditional contributions for which the condition had not been met. Total support from government grants for the years ended December 31, 2021 and 2020 was \$460,078 and \$833,368, respectively. Government grants receivable of \$324,808 and \$332,004 as of December 31, 2021 and 2020, respectively, are included in accounts receivable in the Statements of Financial Position. Grant income is included in Government Grants in the Statements of Activities.

In addition, as of December 31, 2021 and 2020, the Foundation had remaining available award balances on federal and private conditional grants and contracts for sponsored projects of \$1.38 million and \$1.2 million respectively. These award balances are not recognized as assets and will be recognized as revenue as the project progresses and conditions are met, generally as expenses are incurred.

Grants

UNF makes grants in support of four program priorities established by the board of directors. The amount On February 2, 1998, UNF and the UN entered into a Relationship Agreement whereby the UN and UNF agreed to work together to achieve the goals and objectives of the Charter of the United Nations through the implementation of innovative, forward-looking and proactive projects and activities that make contributions to the collective future and well-being of the planet. UNF will assist the UN by providing grants to the UN to assist in its goals and objectives, undertake fundraising efforts to support UN's projects and activities, and engage in or provide support to activities designed to increase public awareness and support for the UN. The UN set up the United Nations Fund for International Partnerships ("UNFIP"), under the control of the Secretary General of the United Nations, to receive grants exclusively from UNF. UNFIP provides a central administrative vehicle within the UN for working with UNF to identify and select projects and activities, receive and distribute funds for such projects and activities, and monitor and report on the use of such funds. UNFIP is required to be administered in accordance with the Financial Regulations and Rules of the UN. During 2021 and 2020, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities were \$11,794,074 and \$11,264,345, respectively. Included in the grants unconditionally approved to UNFIP during 2021 and 2020 are administrative and project fees of \$2,458,280 and \$1,500,000, respectively. At December 31, 2021 and 2020, there were \$0 in unexpended grants for each year.

UNF approved grants totaling \$41,076,260 and \$139,667,106 to affiliated organizations during 2021 and 2020, respectively. At December 31, 2021 and 2020, there were no unexpended payable to affiliated organizations.

Other sources of income

Other sources of income consist primarily of rental income, membership dues and assessments, earned income (project services provided by UNF), and miscellaneous income. Revenue for services listed below that are subject to Topic 606 are recorded in the period in which the services are performed.

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	2021	2020
Rental income	\$ 523,114	\$ 502,994
Membership dues and assessments	829,123	520,092
Earned income	1,156,402	934,437
Miscellaneous income	(173,667)	107,196
Total other sources of income	<u>\$ 2,334,972</u>	<u>\$ 2,064,719</u>

Gifts in Kind

Gifts in kind are recorded at estimated fair value at the date the donation is received and are included in the Statements of Activities. UNF received donated services during the years ended December 31, 2021 and 2020 of \$537,484 and \$0, respectively, which are recorded in Contributions within the Statement of Activities.

Donated Services

UNF recognizes donations of services received if such services (a) create or enhance nonfinancial 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. These donated services are recorded at estimated fair value on the date the service is provided. UNF received donated services during the years ended December 31, 2021 and 2020 of \$537,484 and \$0, respectively, which are recorded in Contributions within the Statement of Activities.

Foreign Currency

All foreign currency transactions are converted and accounted for in United States dollars on the date of the respective transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured annually at the prevailing year-end exchange rate. The resulting unrealized foreign currency exchange gain or loss is included in the Statements of Activities.

Income Taxes

UNF 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 UNF has no significant unrelated business income, no provision for income tax has been recorded.

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 UNF's financial statements during the years ended December 31, 2021 and 2020 resulting from this guidance.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Estimates and assumptions are used for, but not limited to, the functional allocation of expenses, fair value of certain investments, grants payable and contributions receivable. Actual results could differ from those estimates.

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Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, “*Leases (Topic 842)*”. ASU 2016-02 will require organizations that lease assets - referred to as “lessees” - to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The accounting by organizations that own the assets leased by the lessee - also known as lessor accounting - will remain largely unchanged from current Generally Accepted Accounting Principles (Topic 840 in the Accounting Standards Codification). The guidance is effective for fiscal years beginning after December 15, 2021 for private companies, and early adoption is permitted. The Foundation is in process of assessing the impact of the adoption of ASU 2016-02 on the financial statements beginning in fiscal year 2022.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments. The current standard delays the recognition of a credit loss on a financial asset until the loss is probable of occurring. The new standard removes the requirement that a credit loss be probable of occurring for it to be recognized, and requires entities to use historical experience, current conditions, and reasonable and supportable forecasts to estimate their future expected credit losses. The standard is required to be applied using the modified retrospective approach with a cumulative-effect adjustment to net assets, if any, upon adoption. The Foundation is evaluating the impact of the new guidance to its financial statements and disclosures beginning in 2023.

3. Investments

The Foundation follows the guidance on fair value measurements, which defines 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 at the measurement date. The fair value standard discusses valuation techniques such as the market approach, cost approach and income 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 | Observable inputs such as quoted market prices for identical assets or liabilities in active markets. Level 1 assets include money market funds, equity securities and fixed income mutual funds that are traded in an active exchange market. |
| Level 2 | Observable inputs other than Level 1 such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. |
| Level 3 | Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The inputs into the determination of fair value require significant judgment or estimation. |

An investment’s level within 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 Foundation. 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.

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Transfers between leveled assets are based on the actual date of the event which caused the transfer. As of December 31, 2021 and 2020, there were no transfers between Levels 1, 2 and 3.

The following tables presents the financial instruments carried at fair value as of December 31, 2021 and 2020, in accordance with the fair valuation hierarchy defined above:

	Prices in Active Markets for Identical Assets (Level 1)	Fair Value at December 31, 2021
Investments		
Cash equivalents	\$ 676,558	\$ 676,558
Equities securities	44,102,428	44,102,428
Fixed income mutual funds	14,319,938	14,319,938
	<u>59,098,924</u>	<u>59,098,924</u>
Alternative investments *		
Measured under the		
Nav-practical expedient	-	142,377,517
Total investments	<u>59,098,924</u>	<u>142,377,517</u>
Total assets at fair value	<u>\$ 59,098,924</u>	<u>\$ 201,476,441</u>
	Prices in Active Markets for Identical Assets (Level 1)	Fair Value at December 31, 2020
Investments		
Cash equivalents	\$ 396,537	\$ 396,537
Equities securities	35,705,923	35,705,923
Fixed income mutual funds	14,291,352	14,291,352
	<u>50,393,812</u>	<u>50,393,812</u>
Alternative investments *		
Measured under the		
Nav-practical expedient	-	143,313,724
Total investments	<u>50,393,812</u>	<u>143,313,724</u>
Total assets at fair value	<u>\$ 50,393,812</u>	<u>\$ 193,707,536</u>

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share as a practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Financial Position. The investments in this

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category include commingled funds, private equity funds and hedged funds with different investing strategies. Refer to subsequent footnote disclosure for detail of each strategy.

In general, for alternative investments measured under NAV as a practical expedient, the Foundation utilizes the investment manager of the asset to provide a valuation estimate based on techniques discussed later and processes which have been reviewed for propriety and consistency with consideration given to asset type and investment strategy. In addition, the Foundation may also use established processes for determining the fair value of such securities which reflect the Foundation's own assumptions to value the assets as well. Management makes best estimates based on the information available. The following estimates and assumptions were used to determine the fair value of each class of financial instruments listed above:

Cash equivalents

Cash equivalents consist primarily of money market funds that are highly liquid investments with maturities at date of purchase of three months or less. Cash equivalents are recorded at amortized cost which approximates fair value and are classified as Level 1. These balances are held at the Foundation's custodian and banking institutions for investments purpose.

Equity securities

Equity investments include publicly traded securities that consist primarily of domestic common stocks. Securities actively traded on exchanges are priced using unadjusted market quotes for identical assets and are classified as Level 1. Securities that are traded infrequently or that have comparable traded assets are priced using available quotes and other market data that are observable and are classified as Level 2.

Mutual fund investments

These investments comprise of mutual funds focusing on different strategies. Domestic large cap equity strategy generally holds public common stocks of 20 - 30 US companies with large capitalization. Fixed income strategy invests in diversified portfolio of fixed income instruments of varying maturities. These fixed income instruments include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. All these mutual funds are actively traded on exchange and are classified as Level 1.

Alternative Investments Measured at NAV

These investments include alternative investment in commingled funds, private equity funds and hedge funds with different investing strategies. For asset allocation based on geographic strategy, certain funds focused on the Asia ex Japan region, Europe, Australasia, and Far East region international and global securities. Some hedge funds focused on long/short equity strategies that seek to minimize market exposure, while profiting from stock gains in the long positions, along with price declines in the short positions. Absolute return strategy seeks to generate absolute returns and to minimize losses in down markets. Absolute return assets are comprised of global multi-strategy and credit and event-driven investments. Global fixed income arbitrage strategy consists of the discovery and exploitation of inefficiencies in the pricing of bonds yielding a contractually fixed stream of income. All these alternative funds are privately held and trade infrequently and managed by external investment managers. The valuations are calculated by the investment manager based on valuation techniques that take into account each fund's underlying assets and include traditional valuation methods such as the market, cost and income approaches. The valuation policies adopted by the manager are reviewed by the Foundation for propriety, consistency, compliance, and completeness. In the case of private equity investments, there are limited options to transfer or withdraw from these funds prior to their termination. Inputs used to determine fair value are based upon the best available information provided by the partnerships/funds and may incorporate

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management assumptions and best estimates after considering a variety of internal and external factors.

For these alternative investments, management uses the Net Asset Value (“NAV”) per share or Foundation’s percentage of ownership interest as practical expedient to determine the fair value of investments which (a) have the attributes of an investment company or (b) the entity prepares its financial statements consistent with the measurement principles of an investment company. Fair value of each investment valued using NAV as the practical expedient is determined based on management’s reviews of the valuation policies of managers, fund’s audited financial statements, and review of due diligence as applicable and other information needed to obtain an understanding of the valuation processes used by the third party. Investments in such funds do carry certain risks including lack of regulatory oversight, market risk and interest rate risk.

Investments with different strategy valued using NAV as of December 31, 2021 are as follows:

Investment	December 31, 2021 Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alternative investments			
Commingled equity	\$ -	Monthly	30 days
International Equity	44,869	Quarterly	30 days
Asia ex japan	10,262,927	Monthly	30 days
Europe, australasia, far east	5,483,443	Monthly	10 days
Global	40,775,704	Quarterly	30 days
Hedged equity			
Long/short equity	-	Annually	60 days
Long/short equity	11,317,935	Tri-annually	60 days
Long/short equity	10,673,828	*1/5 quarterly 4/5 triennial	30 days
Long/short equity	8,533,197	Monthly	30 days
Long/short equity	4,951,977	Monthly	45 days
Long/short equity	8,434,781	Quarterly	45 days
Absolute return			
Global multi-strategy	16,449,951	Quarterly	60 - 65 days
Global multi-strategy	2,455	1/3 annually	65 days
Global multi-strategy	12,772,633	Semi-annually	60 days
Credit and event-driven	12,673,812	1/4 quarterly	65 days
Credit and event-driven		Monthly	90 days
Global fixed income			
Arbitrage	3	1/3 annually	90 days
	<u>\$ 142,377,517</u>		

* 20% of UNF’s shares have quarterly liquidity. The remaining 80% of shares have liquidity every three years on the anniversary of purchase.

There were no unfunded commitments related to investments held by UNF as of December 31, 2021.

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Investment return, net for the years ended December 31, included in change in net assets without donor restriction section of the Statement of Activities consisted of the following:

	2021	2020
Dividends and interest	\$ 89,337	\$ 460,985
Net unrealized gains on investments	19,045,368	21,984,639
Net realized gains/(loss)	2,627,432	12,080,234
Investment fees	(847,198)	(1,032,176)
Total investment return, net	<u>\$ 20,914,939</u>	<u>\$ 33,493,682</u>

The composition of investments as of December 31 consisted of the following:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 691,472	\$ 691,472	\$ 396,537	\$ 396,537
Equity	44,102,428	15,084,467	35,703,923	15,447,820
Mutual fund				
Fixed income	14,319,938	13,783,250	14,291,352	13,585,066
Alternative investments				
International equity				
Asia ex japan	10,307,796	5,813,431	10,899,404	5,938,181
Europe, australasia, far east	5,483,443	3,790,927	10,122,298	7,438,852
Global	40,775,704	4,500,000	41,533,635	13,500,000
Hedged equity funds				
Long/short equity	43,911,719	22,868,498	45,456,427	25,785,910
Commingled equity				
Absolute return				
Global multi-strategy	29,225,039	20,000,682	24,217,919	16,001,069
Credit and event-driven	12,673,812	7,390,542	11,086,041	7,681,423
Global fixed income				
Arbitrage	3	-	-	-
	<u>\$ 201,491,355</u>	<u>\$ 93,923,269</u>	<u>\$ 193,707,536</u>	<u>\$ 105,774,858</u>

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4. Contributions Receivable, Net

As of December 31, the expected future cash receipts from contributions receivable are as follows:

	2021	2020
Less than one year	\$ 43,316,868	\$ 54,098,193
One year to five years	<u>23,020,430</u>	<u>37,468,210</u>
	66,337,298	91,566,403
Less: Discount to net present value	<u>(1,020,610)</u>	<u>(1,109,465)</u>
Total contributions receivable, net	<u>\$ 65,316,688</u>	<u>\$ 90,456,938</u>

The Foundation's top five donors represent \$48.5 million and \$60.2 million of the total net contributions receivable balance as of December 31, 2021 and 2020, respectively. Contributions receivables are recorded at their net realizable value. No allowance was recorded for unfulfilled contributions as of December 31, 2021 and 2020.

Contributions receivable 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 non-profit organizations. Discount rates are based on market participants and range from 3.01% to 4.20%.

5. Property and Equipment

Property and equipment consisted of the following at December 31:

	2021	2020
Leasehold improvements	\$ 8,699,325	\$ 8,699,325
Equipment	350,519	350,519
Furniture and fixtures	<u>2,958,725</u>	<u>2,958,725</u>
	12,008,569	12,008,569
Less: Accumulated depreciation	<u>(7,916,037)</u>	<u>(7,246,179)</u>
Total property and equipment, net	<u>\$ 4,092,532</u>	<u>\$ 4,762,390</u>

Depreciation expense was \$669,859 and \$1,050,627 for the years ended December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, UNF made no disposals of assets.

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6. Leases

UNF leases office space and equipment under operating leases expiring at various dates through December 31, 2028. The office leases are subject to annual escalation amounts as set forth in the lease agreements. Rent expense of \$5,358,964 and \$5,550,255 was recognized for the years ended December 31, 2021 and 2020, respectively, on a straight-line basis. The following is a schedule of anticipated future minimum rental payments as of December 31, 2021, pursuant to lease agreements:

Years Ending December 31,	
2022	\$ 6,105,400
2023	6,254,867
2024	6,491,951
2025	6,653,063
2026	6,826,575
Thereafter	<u>14,335,111</u>
	<u>\$ 46,666,967</u>

7. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31 have been restricted by donors for the following purposes:

	2021	2020
Children's health	\$ 45,501,831	\$ 58,808,681
Women and population	24,233,236	19,554,941
Environment	39,964,268	46,399,647
Global aids fund	109,215	104,074
UN Strengthening	<u>11,565,968</u>	<u>10,276,218</u>
	<u>\$ 121,374,518</u>	<u>\$ 135,143,561</u>

Other net assets with donor restrictions principally include projects such as UN Strengthening, and Peace, Security and Human Rights.

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8. Release of Net Assets With Donor Restrictions

Net assets with donor restrictions were released from restriction for the following purposes for the years ended December 31:

	Net Asset Release	
	2021	2020
Children's health	\$ 33,030,310	\$ 23,206,719
Environment	20,437,499	14,000,920
UN Strengthening	15,005,364	195,968,045
Women and population	17,910,081	19,801,924
Global AIDS fund	58,996	32,413
	<u>\$ 86,442,250</u>	<u>\$ 253,010,021</u>

9. Employee Benefits

Effective January 2, 2002, UNF established a 403(b) plan for all UNF employees, which replaced the former 401(k) plan. UNF provides a 150% match of all employee contributions up to 4% of the employee's salary, which results in a maximum employer contribution of 6% of the employee's salary. For the years ended December 31, 2021, and 2020, UNF contributed under this plan in the amount of \$1,672,390 and \$1,597,932, respectively.

10. Related Parties

Relationship with United Nations

On February 2, 1998, UNF and the UN entered into a Relationship Agreement whereby the UN and UNF agreed to work together to achieve the goals and objectives of the Charter of the United Nations through the implementation of innovative, forward-looking and proactive projects and activities that make contributions to the collective future and well-being of the planet. UNF will assist the UN by providing grants to the UN to assist in its goals and objectives, undertake fundraising efforts to support UN's projects and activities, and engage in or provide support to activities designed to increase public awareness and support for the UN. The UN set up the United Nations Fund for International Partnerships ("UNFIP"), under the control of the Secretary General of the United Nations, to receive grants exclusively from UNF. UNFIP provides a central administrative vehicle within the UN for working with UNF to identify and select projects and activities, receive and distribute funds for such projects and activities, and monitor and report on the use of such funds. UNFIP is required to be administered in accordance with the Financial Regulations and Rules of the UN. During 2021 and 2020, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities were \$14,252,353.94 and \$11,264,344.65, respectively. Included in the grants unconditionally approved to UNFIP during 2021 and 2020 are administrative and project fees of \$2,458,280 and \$1,500,000, respectively. At December 31, 2021 and 2020, there were \$0 in unexpended grants for each year.

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Contributions

Contributions from Board Members amount to \$59,636 and \$29,970 for the years ended December 31, 2021 and 2020, respectively.

Grants

UNF approved grants totaling \$41,076,260 and \$139,667,106 to affiliated organizations during 2021 and 2020, respectively. At December 31, 2021 and 2020, there were no unexpended 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 2021 and 2020, \$721,311 and \$637,729 respectively, of such cost was incurred and allocated by UNF to BWF and was recorded by UNF as a related party receivable. The allocation ratio of the operating expenses between UNF and BWF were 95%:5% and 95%:5% for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021, \$3,123,470 was payable to UNF by BWF and is included in related party receivable in the Statements of Financial Position. At December 31, 2020, \$1,035,796 was a payable by UNF to BWF and is included in accounts payable and accrued expenses in the Statements of Financial Position. The components of related party receivable and payable amounts is presented in the following table:

	2021	2020
Related party receivable (due from BWF)	\$ 3,192,115	\$ 3,653,816
Related party payable (due to BWF)	<u>(68,645)</u>	<u>(2,618,020)</u>
	<u>\$ 3,123,470</u>	<u>\$ 1,035,796</u>

11. Functional Expenses Allocation

The primary mission of the United Nations Foundation (UNF) is to support the work of the United Nations to foster a more peaceful, prosperous, and just world. In the Statement of Functional Expenses, UNF allocates expenses between program and supporting services. Program expenses relate to goods and services in support of the mission of our organization and relate to the organization's major programs. Supporting expenses are broken down into management and general and fundraising which are not identifiable with a single program but are indispensable to the conduct of our major programs and overall organizational structure. Expenses are allocated on a percentage basis depending upon usage, and these percentages are reviewed annually.

12. Subsequent Events

UNF has performed an evaluation of subsequent events through May 27, 2022, which is the date the financial statements were available to be issued.