

**UNITED NATIONS FOUNDATION, INC.**  
**Financial Statements and Supplementary**  
**Information**  
**December 31, 2010 and 2009**

# UNITED NATIONS FOUNDATION, INC.

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## **Report of Independent Auditors**

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

In our opinion, the accompanying statements of financial position and the related statements of activities and changes in net assets, and cash flows present fairly, in all material respects, the financial position of United Nations Foundation, Inc. (the "Foundation" or "UNF"), at December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Foundation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

June 21, 2011

**UNITED NATIONS FOUNDATION, INC.**  
**Statements of Financial Position**  
**As of December 31, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 25,534,718	\$ 32,317,371
Investments	106,964,937	78,382,560
Accounts receivable:		
Due from an affiliate	1,202,162	1,448,152
Other, less allowance for doubtful accounts	2,951,143	2,603,867
Contributions receivable, net	41,691,952	32,838,393
Prepaid expenses and deposits	485,863	326,079
Property and equipment, net	2,149,489	2,429,673
Total assets	<u>\$ 180,980,264</u>	<u>\$ 150,346,095</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,046,148	\$ 2,537,349
Unexpended grants, net	6,367,398	10,097,020
Deferred rent and landlord allowance	974,715	1,029,236
Total liabilities	<u>10,388,261</u>	<u>13,663,605</u>
<b>Net assets</b>		
Unrestricted net assets	108,625,013	79,580,196
Temporarily restricted net assets	61,966,990	57,102,294
Total net assets	<u>170,592,003</u>	<u>136,682,490</u>
Total liabilities and net assets	<u>\$ 180,980,264</u>	<u>\$ 150,346,095</u>

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

**UNITED NATIONS FOUNDATION, INC.**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Change in unrestricted net assets</b>		
Revenues:		
Contributions from a related party	\$ 44,907,138	\$ 40,625,000
Contributions from third parties	323,664	395,235
Interest and dividends	6,280,429	2,758,922
Net realized and unrealized gain on investments	4,689,423	722,403
Grant recoveries and adjustments	3,693,321	3,483,918
Other	55,538	115,390
Total unrestricted revenues and other changes	<u>59,949,513</u>	<u>48,100,868</u>
Net assets released from restriction	<u>75,904,268</u>	<u>51,267,330</u>
Total unrestricted revenues and other support	<u>135,853,781</u>	<u>99,368,198</u>
Expenses:		
Program services	93,731,937	70,838,540
General and administrative	7,415,519	5,040,059
Fundraising	5,661,508	5,869,224
Total expenses	<u>106,808,964</u>	<u>81,747,823</u>
Change in unrestricted net assets	29,044,817	17,620,375
Unrestricted net assets, beginning of year	<u>79,580,196</u>	<u>61,959,821</u>
Unrestricted net assets, end of year	<u>108,625,013</u>	<u>79,580,196</u>
<b>Change in temporarily restricted net assets</b>		
Contributions from third parties	78,580,521	55,943,654
Contributions from a related party	230,442	-
Interest and dividends	1,722,101	10,041
Gifts in kind	23,328	-
Grant recoveries and adjustments	1,185,593	1,723,598
Bad debt and other adjustments	(852,480)	(1,333,616)
Net realized and unrealized foreign currency exchange (loss) gain	(120,541)	587,165
Net assets released from restriction	<u>(75,904,268)</u>	<u>(51,267,330)</u>
Change in temporarily restricted net assets	4,864,696	5,663,512
Temporarily restricted net assets, beginning of year	<u>57,102,294</u>	<u>51,438,782</u>
Temporarily restricted net assets, end of year	<u>61,966,990</u>	<u>57,102,294</u>
<b>Change in net assets</b>	33,909,513	23,283,887
<b>Net assets, beginning of year</b>	<u>136,682,490</u>	<u>113,398,603</u>
<b>Net assets, end of year</b>	<u><u>\$ 170,592,003</u></u>	<u><u>\$ 136,682,490</u></u>

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

**UNITED NATIONS FOUNDATION, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 33,909,513	\$ 23,283,887
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	525,323	503,520
Grant recoveries	(4,878,914)	(5,207,516)
Contributions returned to donors	477,038	1,007,067
Bad debt and other adjustments	375,442	326,549
Accretion on the contributions receivable	(289,746)	(1,874,257)
Discount on contributions receivable	958,542	297,427
Amortization of discount on grants payable	74,170	799,345
Discount on grants payable	(12,056)	(61,918)
Accretion of landlord allowance	(74,238)	(74,238)
Donated securities	(12,546)	(13,634)
Realized loss on donated securities	345	-
Net realized and unrealized gain and fees on investments	(3,722,609)	(519,140)
Unrealized foreign currency exchange loss (gain)	120,542	(587,165)
Changes in assets and liabilities:		
Decrease in accounts receivable due from an affiliate	245,990	160,489
(Increase) decrease in accounts receivable other, net	(347,276)	1,026,904
(Increase) decrease in contributions receivable	(10,018,339)	12,924,855
(Increase) decrease in prepaid expenses and deposits	(159,784)	34,958
Increase in accounts payable and accrued expenses	508,799	695,958
Increase (decrease) in unexpended grants	610,140	(11,704,787)
Increase in deferred rent	19,717	44,125
Net cash provided by operating activities	<u>18,310,053</u>	<u>21,062,429</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of donated securities	12,201	13,634
Purchase of investments	(47,422,854)	(77,753,827)
Proceeds (loss) from the sale of investments	22,563,086	(5,020)
Purchases of property and equipment	(245,139)	(760,105)
Net cash used in investing activities	<u>(25,092,706)</u>	<u>(78,505,318)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(6,782,653)</u>	<u>(57,442,889)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>32,317,371</u>	<u>89,760,260</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 25,534,718</u></u>	<u><u>\$ 32,317,371</u></u>
<b>Supplemental information :</b>		
Donated securities	<u>\$ 12,546</u>	<u>\$ 13,634</u>

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

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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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.

**Classification of net assets**

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

*Unrestricted Net Assets* - Unrestricted net assets are those whose use by UNF 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 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 unrestricted net assets of UNF. 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. Of the total unrestricted net assets, \$364,811 and \$523,059 have been designated as grant matching funds as of December 31, 2010 and 2009, respectively.

The Board of Directors has approved a set-aside of R.E. (Ted) Turner's unrestricted contributions for the long-term sustainability goals of the Foundation. As of December 31, 2010, the set-aside balance was approximately \$107 million. In connection with these goals and included in the \$107 million amount, the Board of Directors approved \$20 million dollars in each of the years 2010 and 2009.

*Temporarily Restricted Net Assets* - Temporarily restricted net assets are those whose use by UNF is subject to 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

**Recently issued and Adopted Accounting Standard**

In January 2010, the Financial Accounting Standards Board ("FASB") issued amended guidance for improving disclosure about fair value measurements that added new disclosure requirements about transfers into and out of Levels 1 and 2 and separate disclosure about purchases, sales,

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issuances and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). It also clarified existing disclosure requirements relating to the levels of disaggregation for fair value measurement and inputs and valuation techniques used to measure fair value.

The Foundation's policy is to recognize transfers between Levels 1, 2 or 3 due to methodology, if applicable, as if they occurred as of the beginning of the reporting period. For the period ended December 31, 2010, the Foundation did not have any transfers between Levels 1 and 2.

**Contributions**

UNF 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 Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Conditional promises to give are recognized when the conditions stipulated by the donor are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote. If the possibility that the condition will not be met is deemed possible or probable by management, then UNF does not recognize the conditional promise to give. As of December 31, 2010 and 2009, UNF had no conditional promises to give.

Unconditional promises to give involve fair value measurement only upon initial recognition. Unconditional promises to give, recorded in 2007 and prior years which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities.

Unconditional promises to give, recorded in and after 2008 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. This approach is consistent with the guidance provided under Accounting Standards Codification ("ASC") Topic 820. Discount rates are based on market participants and range from 3.3% to 5.14%. Carrying value approximates market value.

In 2010 and 2009, contributions received in prior years totaling \$477,038 and \$1,007,067, respectively, 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.

Unconditional promises to give that are expected to be received in future years, which are denominated in foreign currency, are recorded in U.S. dollars and are remeasured annually at the prevailing year-end exchange rate.

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**Grants**

UNF makes grants in support of four program priorities established by the board of directors. The amount for which UNF is obligated is recorded when the project has been unconditionally approved. 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, recorded in 2007 and prior years which are expected to be paid in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities.

Grants payable, recorded in and after 2008 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 any other similar non-profit organization. This approach is consistent with the guidance provided under ASC Topic 820. Discount rates are based on market participants and range from 3.0% to 6.1%. Carrying value approximates market value.

At the end of the approved grant term and upon completion of UNF'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. In 2010 and 2009, grant recoveries and adjustments and the corresponding grants payable balances were recorded in the amounts of \$2,022,990 and \$4,232,979, respectively, due to grant closings and modifications. Additionally, as of December 31, 2010 and 2009, grant recoveries and adjustments were recorded related to closed grants with pending refunds in the amounts of \$2,855,924 and \$974,537, respectively. As of December 31, 2010 and 2009, unexpended grants on the Statements of Financial Position include approximately \$0 and \$1.4 million, respectively, for grants payable with expired terms or no immediate future projected payments.

**Gift in kind**

Gift in kind is recorded at estimated fair value at the date the donation is received.

**Donated services**

UNF recognizes donations of services received if such services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These donated services are recorded at estimated fair value on the date the service is provided. There were no donated services for the years ended December 31, 2010 and 2009.

**Interest income**

Certain interest income earned by UN agencies and projects, resulting from funding provided by UNF, was made available for use to fulfill project payment requests during 2010 and 2009. This income is recorded as interest income at the time it is reported by UN agencies to UNF and is held as a receivable until it is utilized in meeting a specific payment request.

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**Cash and cash equivalents**

Cash and cash equivalents include all highly liquid investments purchased with original maturities of 90 days or less. Cash equivalents consist of funds held in a money market account which are available for immediate withdrawal without penalty.

**Foreign Currency**

All foreign currency transactions, if any, are converted and accounted for in United States dollars on the date of the respective transaction. All monetary assets and liabilities held in foreign currencies, if any, are translated using the rate of exchange at the balance sheet date and the resulting unrealized foreign currency exchange gain or loss is recognized.

**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 two to eight years or the life of the lease, whichever is shorter. 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.

**Leases and Leasehold improvements**

During 2006, UNF entered into an agreement to lease additional office space in Washington, DC as its headquarters facility. The office lease is a ten-year agreement that expires in 2017. However, UNF has the option of exiting this lease at eight years, with the payment of an early-termination fee. Leasehold improvements are amortized over the eight-year useful life of the lease. Under the terms of this lease, UNF obtained a letter of credit amounting to \$95,000 in lieu of a security deposit for the building in 2006.

During 2008, 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. The new office lease has a term of eight years and four months that expires in 2017.

During 2010, UNF entered into a new agreement to lease additional office space in Washington, DC. The new office lease has a term of six years and four months that expires in 2016.

**Landlord Allowance**

As an incentive for entering into the lease agreement for its headquarters office in Washington, DC, UNF received a cash allowance of \$624,840 from the landlord in 2006. The value of this allowance payment is amortized over the eight-year life of the lease. As of December 31, 2010 and 2009, \$300,047 and \$374,285 is included in deferred rent and landlord allowance on the statement of financial position as unamortized landlord allowance.

**Investments**

Investments are recorded at fair value. Refer to Note 3 for further detail.

Donated gifts of securities are recorded based on estimated fair value at the date the donation is received.

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
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**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.

On January 1, 2009, UNF adopted the provisions of ASC Topic 740-10-25, "*Income Taxes Recognition*" (ASC Topic 740-10-25). ASC Topic 740-10-25 requires that a tax position be recognized or derecognized based on a more-likely-than-not threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of ASC Topic 740-10-25 had no impact on UNF's financial statements. UNF does not believe its financial statements include any uncertain tax positions.

**Concentration of credit risk**

Financial instruments, which potentially subject UNF to a concentration of credit risk, consist of cash and demand deposits placed with three financial institutions. UNF 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, 2010 and 2009, the aggregate balances in excess of the insurance limits were approximately \$25.3 million and \$31.8 million, respectively, and therefore bear some risk since they are not collateralized. UNF 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.

**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.

**3. Fair Value Measurements**

The Foundation adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures" (ASC Topic 820), effective January 1, 2008. ASC Topic 820 requires disclosures of financial position in periods subsequent to initial recognition, whether the measurements are made on a recurring basis or a nonrecurring basis, establishes a framework based on the observability of inputs used for measuring fair value and expands disclosure about fair market value measurements. Under ASC Topic 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement dates.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 – Observable inputs such as quoted prices in active markets;

**UNITED NATIONS FOUNDATION, INC.**  
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- Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets measured at fair value on a recurring basis:

		<b>2010</b>	
		<u>Cash and cash equivalents</u>	<u>Investments</u>
Items reported at fair value		\$ 18,189,991	\$ 106,964,937
Items not subject to fair value reporting		<u>7,344,727</u>	<u>-</u>
Total		\$ 25,534,718	\$ 106,964,937

  

		<b>2009</b>	
		<u>Cash and cash equivalents</u>	<u>Investments</u>
Items reported at fair value		\$ 25,939,238	\$ 78,382,560
Items not subject to fair value reporting		<u>6,378,133</u>	<u>-</u>
Total		\$ 32,317,371	\$ 78,382,560

Items not subject to fair value reporting consist of the cash deposits.

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
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The following table summarizes the fair value measurement as of December 31, 2010 for financial assets by pricing observability levels:

	<b>Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>	<b>Fair Value at 12/31/10</b>
Cash equivalents	18,189,991	-	-	18,189,991
Investments:				
Mutual Fund - Domestic				
Large Cap Equities	11,438,159	-	-	11,438,159
Mutual Fund - Domestic Core				
Fixed Income	47,385,266	-	-	47,385,266
Alternative Investments				
International Equity -				
Asia ex Japan	-	1,671,583	5,254,843	6,926,426
Alternative Investments				
International Equity -				
Emerging Markets	-	-	2,555,147	2,555,147
Alternative Investments				
International Equity -				
Europe, Australasia, Far East	-	-	2,558,001	2,558,001
Alternative Investments				
Hedged Equity Funds -				
Long/Short Equity	-	-	16,165,455	16,165,455
Alternative Investments				
Absolute Return -				
Global Multi-Strategy Funds	-	-	8,476,802	8,476,802
Alternative Investments				
Absolute Return -				
Global Long/Short Credit				
and Event-Driven	-	-	5,494,322	5,494,322
Alternative Investments				
Global Fixed Income				
Arbitrage	-	-	5,858,035	5,858,035
Certificate of Deposit	107,324	-	-	107,324
<b>Total assets measured at fair value on a recurring basis</b>	<b>\$ 77,120,740</b>	<b>\$ 1,671,583</b>	<b>\$ 46,362,605</b>	<b>\$ 125,154,928</b>

**UNITED NATIONS FOUNDATION, INC.**  
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The following table summarizes the fair value measurement as of December 31, 2009 for financial assets by pricing observability levels:

	<b>Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>	<b>Fair Value at 12/31/09</b>
Cash equivalents	\$ 25,939,238	-	-	\$ 25,939,238
Investments:				
Mutual Fund - Domestic Large Cap Equities	10,844,772	-	-	10,844,772
Mutual Fund - Domestic Core Fixed Income	49,426,870	-	-	49,426,870
Alternative Investments International Equity - Asia ex Japan	-	\$ 1,421,347	-	1,421,347
Alternative Investments Hedged Equity Funds - Long/Short Equity	-	-	\$ 3,089,373	3,089,373
Alternative Investments- Absolute Return - Global Multi-Strategy Funds	-	-	3,092,111	3,092,111
Alternative Investments Absolute Return - Global Long/Short Credit and Event-Driven	-	-	5,199,335	5,199,335
Alternative Investments- Global Fixed Income Arbitrage	-	-	5,202,405	5,202,405
Certificate of Deposit	106,347	-	-	106,347
<b>Total assets measured at fair value on a recurring basis</b>	<b>\$ 86,317,227</b>	<b>\$ 1,421,347</b>	<b>\$ 16,583,224</b>	<b>\$ 104,321,798</b>

In general, for Level 2 and Level 3 investments, 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.

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

*Cash Equivalents* – Cash equivalents include cash deposits in investment funds and funds held in money market accounts which are actively traded. These are priced using independent market prices in the primary trading market and are classified as Level 1 based on the availability of quotes for identical assets.

*Equity Investments* – Equity investments include but are not limited to separately held accounts in investment funds and limited partnership holdings. These assets which are grouped by investment objective consist of both publicly-traded and privately-held securities, diversified globally.

- *Publicly-traded securities* – These investments are equity-focused funds with common and preferred stock of both domestic and international companies. The publicly-traded equity investments include a domestic large cap equities mutual fund and an alternative investment focused on international equity in the Asia ex Japan region. Actively traded funds are priced using unadjusted quoted prices for identical assets and are classified as Level 1. Funds with full transparency in all underlying investments with redemption periods of less than 90 days are valued using significant observable inputs and are classified as Level 2. Although the underlying investments of this Level 2 fund are publically traded, the fund itself is not. The fair value of this Level 2 fund has been estimated using the net asset value (NAV) per share.
- *Privately-held securities* – These equity investments include alternative investments comprised of international equity in the Asia ex Japan and Europe regions, emerging markets, and hedged equity. The fair values of these investments have been estimated using the net asset value (NAV) per share or UNF's percentage of ownership interest. These funds are privately held and trade infrequently. 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. Funds with limited transparency in all underlying investments, other than the quoted prices in active markets, or redemption periods greater than 90 days, and that are valued using significant unobservable inputs are classified as Level 3. 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 management assumptions and best estimates after considering a variety of internal and external factors.

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**For the Years Ended December 31, 2010 and 2009**

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*Fixed Income* – The Foundation’s Fixed Income investments include a domestic core fixed income mutual fund and a global fixed income arbitrage limited partnership and are categorized by Level 1 or Level 3 based on the observability of pricing inputs for the investment vehicles. As a publicly traded vehicle, the mutual fund is categorized as Level 1. The limited partnership, with limited transparency in all underlying investments and 90 day redemption notice, is categorized as Level 3. The fair value of this investment has been estimated using the net asset value (NAV) per share.

*Absolute Return* – Absolute Return investments include but are not limited to separately held accounts in investment funds and limited partnership holdings. These assets are comprised of global multi-strategy and global long/short credit and event-driven investments. All Absolute Return investments are categorized as Level 3 due to limited transparency in all underlying investments or redemption notice period limitation.

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

The following table summarizes redemption restrictions associated with each investment type as of December 31, 2010:

<b>Investment</b>	<b>Fair Value</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Mutual Fund - Domestic Large Cap Equities	\$ 11,438,159	daily	daily
Mutual Fund - Domestic Core Fixed Income	47,385,266	daily	daily
Alternative Investments International Equity - Asia ex Japan	2,559,695	quarterly	60 days
Alternative Investments International Equity - Asia ex Japan	2,695,148	quarterly starting in 2011	30 days
Alternative Investments International Equity - Asia ex Japan	1,671,583	monthly	30 days
Alternative Investments International Equity - Emerging Markets	2,555,147	semi-monthly	5 days
Alternative Investments International Equity - Europe, Australasia, Far East	2,558,001	quarterly starting in 2011	90 days
Alternative Investments Hedged Equity Funds - Long/Short Equity	5,271,400	annually starting in 2013	60 days
Alternative Investments Hedged Equity Funds - Long/Short Equity	5,465,147	tri-annually starting in 2012	60 days
Alternative Investments Hedged Equity Funds - Long/Short Equity	5,428,908	1/5 quarterly starting in 2011 4/5 tri-annually starting in 2013	30 days
Alternative Investments Absolute Return - Global Multi-Strategy Funds	5,091,280	quarterly	65 days
Alternative Investments Absolute Return - Global Multi-Strategy Funds	3,385,522	1/3 annually starting in 2011	65 days

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

Alternative Investments			
Absolute Return -			
Global Long/Short Credit			
and Event-Driven	5,494,322	1/4 quarterly starting in 2011	65 days
Alternative Investments			
Global Fixed Income			
Arbitrage	5,858,035	1/3 annually	90 days
Certificate of Deposit	107,324	daily	daily
<b>Total</b>	<b>\$ 106,964,937</b>		

There are no unfunded commitments related to any investments held by UNF as of December 31, 2010.

The following table summarizes redemption restrictions associated with each investment type as of December 31, 2009:

<b>Investment</b>	<b>Fair Value</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Mutual Fund - Domestic			
Large Cap Equities	\$ 10,844,772	daily	daily
Mutual Fund - Domestic Core			
Fixed Income	49,426,870	daily	daily
Alternative Investments			
International Equity -			
Asia ex Japan	1,421,347	monthly	30 days
Alternative Investments			
Hedged Equity Funds -			
Long/Short Equity	3,089,373	tri-annually starting in 2012	60 days
Alternative Investments			
Absolute Return -			
Global Multi-Strategy			
Funds	3,092,111	1/3 redeemable annually starting in 2011	65 days

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

Alternative Investments Absolute Return - Global Long/Short Credit and Event-Driven	5,199,335	1/4 quarterly starting in 2011	65 days
Alternative Investments Global Fixed Income Arbitrage	5,202,405	1/3 annually	90 days
Certificate of Deposit	106,347	daily	daily
<b>Total</b>	<b>\$ 78,382,560</b>		

There are no unfunded commitments related to any investments held by UNF as of December 31, 2009.

The following table summarizes the changes in Level 3 assets, measured at fair value on a recurring basis, as of December 31, 2010:

	Alternative Investments International Equity - Asia ex Japan	Alternative Investments International Equity - Emerging Markets	Alternative Investments International Equity - Europe, Australasia, Far East	Alternative Investments Hedged Equity Funds Long/Short Equity	Alternative Investments Absolute Return - Global Multi- Strategy Funds	Alternative Investments Absolute Return - Global Long/Short Credit and Event-Driven	Alternative Investments Global Fixed Income Arbitrage
Fair Value of Level 3 Assets at December 31, 2009	\$ -	-	-	\$ 3,089,373	\$ 3,092,111	\$ 5,199,335	\$ 5,202,405
Net realized/unrealized gains	330,930	62,249	100,032	1,283,466	467,487	441,290	786,645
Purchases, sales, issuances, and settlements	4,923,913	2,492,898	2,457,969	11,792,617	4,917,204	(146,303)	(131,015)
Fair Value of Level 3 Assets at December 31, 2010	<u>\$ 5,254,843</u>	<u>\$ 2,555,147</u>	<u>\$ 2,558,001</u>	<u>\$ 16,165,456</u>	<u>\$ 8,476,802</u>	<u>\$ 5,494,322</u>	<u>\$ 5,858,035</u>

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

The following table summarizes the changes in Level 3 assets, measured at fair value on a recurring basis, as of December 31, 2009:

	Alternative Investments Hedged Equity Funds - Long/Short Equity	Alternative Investments Absolute Return - Global Multi- Strategy Funds	Alternative Investments Absolute Return - Global Long/Short Credit and Event- Driven	Alternative Investments Global Fixed Income Arbitrage
Fair Value of Level 3 Assets at December 31, 2008	\$ -	\$ -	\$ -	\$ -
Net realized/unrealized gains	13,104	20,300	-	249,154
Purchases, sales, issuances, and settlements	3,076,269	3,071,811	5,199,335	4,953,251
Fair Value of Level 3 Assets at December 31, 2009	<u>\$ 3,089,373</u>	<u>\$ 3,092,111</u>	<u>\$ 5,199,335</u>	<u>\$ 5,202,405</u>

**Fair Value Options**

In February 2007, the FASB updated GAAP with ASC Topic 825-10-25 "The Fair Value Option for Financial Assets and Financial Liabilities". The fair value option permits entities to choose to measure eligible items at fair value at specific election dates, with subsequent unrealized gains and losses reported in the entity's statement of activities. The Foundation adopted this standard effective January 1, 2008. The Foundation assessed the fair value options made available under the standard and elected not to apply the fair value option to any financial instruments that were not already recognized at fair value.

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**4. Investments**

The Foundation held the following investments at December 31,

	<b>2010</b>	<b>2009</b>
<b>Pooled Investment Vehicles</b>		
Mutual Fund - Domestic		
Large Cap Equities	11,438,159	10,844,772
Mutual Fund - Domestic Core		
Fixed Income	47,385,266	49,426,870
Alternative Investments		
International Equity -		
Asia ex Japan	6,926,426	1,421,347
Alternative Investments		
International Equity -		
Emerging Markets	2,555,147	-
Alternative Investments		
International Equity -		
Europe, Australasia, Far East	2,558,001	-
Alternative Investments		
Hedged Equity Funds -		
Long/Short Equity	16,165,455	3,089,373
Alternative Investments		
Absolute Return -		
Global Multi-Strategy Funds	8,476,802	3,092,111
Alternative Investments		
Absolute Return -		
Global Long/Short Credit		
and Event-Driven	5,494,322	5,199,335
Alternative Investments		
Global Fixed Income		
Arbitrage	5,858,035	5,202,405
Certificate of Deposit	107,324	106,347
<b>Total</b>	<b>\$ 106,964,937</b>	<b>\$ 78,382,560</b>

Management fees incurred as of December 31, 2010 and 2009 totaled \$966,814 and \$198,655, respectively.

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**5. Contributions Receivable**

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

	2010	2009
Less than one year	\$ 22,320,199	\$ 25,701,243
One year to five years	20,443,829	7,540,430
	<u>42,764,028</u>	<u>33,241,673</u>
Less: Discount to net present value	(1,072,076)	(403,280)
Total contributions receivable, net	<u>\$ 41,691,952</u>	<u>\$ 32,838,393</u>

Net contributions receivable as of December 31, 2010 included amounts of approximately \$30.8 million, \$8.9 million, and \$1 million from three donors. Net contributions receivable as of December 31, 2009 included amounts of approximately \$19 million, \$8.5 million, \$2.7 million and \$1.7 million from four donors.

Contributions receivable recorded in 2007 and prior years which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities. Contributions receivable recorded in and after 2008 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 3.33% to 5.14%.

**6. Property and Equipment**

Property and equipment consisted of the following at December 31:

	2010	2009
Land	\$ 138,175	\$ 138,175
Leasehold improvements	3,098,801	3,037,039
Equipment	916,122	763,988
Furniture and fixtures	<u>221,269</u>	<u>221,269</u>
	4,374,367	4,160,471
Less: Accumulated depreciation	<u>(2,224,878)</u>	<u>(1,730,798)</u>
Total property and equipment, net	<u>\$ 2,149,489</u>	<u>\$ 2,429,673</u>

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**7. Unexpended Grants**

Unexpended grants at December 31 are due over a period of several years and are payable as follows:

	2010	2009
Less than one year	\$ 6,096,854	\$ 8,613,119
One year to five years	282,600	1,558,071
	<u>6,379,454</u>	<u>10,171,190</u>
Less: Discount to net present value	(12,056)	(74,170)
Total unexpended grants, net	<u>\$ 6,367,398</u>	<u>\$ 10,097,020</u>

Grants payable, recorded in 2007 and prior years which are expected to be paid in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities. Grants payable, recorded in and after 2008 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 any other similar non-profit organization*. Discount rates are based on market participants and range from 3.0% to 6.1%.

**8. Leases**

UNF leases office space and equipment under operating leases expiring at various dates through 2017. The office leases are subject to annual escalation amounts as set forth in the lease agreements. Rent expense of \$1,549,960 and \$1,292,135 was recognized for the years ended December 31, 2010 and 2009, respectively, on a straight-line basis. The following is a schedule of anticipated future minimum rental payments as of December 31, 2010, pursuant to lease agreements:

2011	\$ 2,415,218
2012	2,514,356
2013	2,575,167
2014	2,641,811
2015	684,716
Thereafter	<u>548,631</u>
	<u>\$ 11,379,899</u>

Current and future rental payments are subject to a cost-sharing agreement with BWF, which is further described in Note 12.

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**9. Temporarily Restricted Net Assets**

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

	<b>2010</b>	<b>2009</b>
Children's Health	\$ 39,679,819	\$ 30,714,307
Environment	1,810,118	3,740,433
Global AIDS Fund	5,839,002	6,763,754
Malaria	3,585,363	4,564,306
Other	3,593,484	878,032
Time	72,450	1,836,254
Vodafone Partnership	1,007,739	4,860,674
Women and Population	6,379,015	3,744,534
	<u>\$ 61,966,990</u>	<u>\$ 57,102,294</u>

Other temporarily restricted net assets include projects such as Apathy is Lethal, Campaign to Eradicate Polio, Disaster Relief, Indian Diaspora and Peace, Security and Human Rights.

**10. Release of Temporarily Restricted Net Assets**

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

	<b>2010</b>	<b>2009</b>
Children's Health	\$ 45,330,265	\$ 31,409,526
Disaster Relief	2,522,884	148,502
Environment	2,782,568	1,248,460
Global AIDS Fund	7,530,373	1,272,712
Malaria	5,482,109	6,393,876
Other	1,594,838	1,109,714
Time	2,565,389	2,619,332
Vodafone Partnership	3,437,776	4,561,163
Women and Population	4,658,066	2,504,045
	<u>\$ 75,904,268</u>	<u>\$ 51,267,330</u>

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**11. 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, 2010 and 2009, UNF contributed under this plan in the amount of \$484,910 and \$444,366, respectively. Payments were subject to a cost-sharing agreement with BWF, which is further described in Note 12.

**12. Related Parties**

**Relationship with United Nations**

On February 2, 1998, UNF and the United Nations entered into a Relationship Agreement whereby the United Nations 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 United Nations by providing grants to the United Nations to assist in its goals and objectives, undertake fundraising efforts to support United Nations projects and activities, and engage in or provide support to activities designed to increase public awareness and support for the United Nations. The United Nations 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 United Nations 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 United Nations. During 2010 and 2009, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities and Changes in Net Assets were \$40,365,238 and \$28,176,920, respectively. Included in the grants unconditionally approved to UNFIP during 2010 and 2009 are administrative and project fees of \$3,536,100 and \$1,750,000, respectively. At December 31, 2010 and 2009, unexpended grants of \$3,182,397 and \$9,335,218, respectively are committed to UNFIP.

**Contribution**

Contributions in the amount of \$44,907,138 and \$40,625,000 were received through the donation of cash from Ted Turner, Chairman of UNF Board of Directors, for the years ended December 31, 2010 and 2009, respectively. Contributions of \$230,442 were received through donations of cash from the BWF for the year ended December 31, 2010. No such contributions from BWF were received for the year ended December 31, 2009.

**Grants**

UNF approved grants totaling \$4,341,469 and \$1,684,545 to affiliated organizations during 2010 and 2009, respectively. At December 31, 2010 unexpended grants in the Statements of Financial Position included \$17,250 payable to affiliated organizations. No unexpended grants remained payable to affiliated organizations at December 31, 2009.

**UNITED NATIONS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**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 2010 and 2009, \$1,286,593 and \$1,330,436, 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% and 84%: 16% for the years ended December 31, 2010 and 2009, respectively. At December 31, 2010 and 2009 \$1,202,162 (consisting of \$775,199 of payables and \$1,977,361 of receivables) and \$1,448,152 (consisting of \$3,166,970 of payables and \$4,615,122 of receivables), respectively, were receivable by UNF included in "Due from an Affiliate" in the Statements of Financial Position.

**13. Contingencies and Commitments**

During 2008, a third-party not-for-profit organization, through one of its programs, desired to make loans to selected enterprises in order to support their growth and viability. In light of UNF's interest in the success of that program, UNF entered into a Guarantee Agreement with this organization in September 2008. Under this agreement, UNF guaranteed any loans outstanding from time to time, subject to certain limits on the maximum aggregate amount of payments.

The terms of the agreement stipulate that UNF, acting as the guarantor, may be required to pay the other not-for-profit organization, acting as the beneficiary, for obligations of the borrowers to the beneficiary under this agreement to a maximum guarantee ceiling in total of \$415,537 in connection with principal, interest and reasonable fees and expenses of counsel related to loan defaults under the Guarantee Agreement. The obligation of UNF, as the guarantor, will terminate on the earlier of (i) December 31, 2014 or (ii) on the date on which the last loan is repaid. As of December 31, 2010, there were no loans issued under this Guarantee Agreement. Therefore, no contingency reserve was recorded by UNF.

**14. Subsequent Events**

UNF has performed an evaluation of subsequent events through June 21, 2011, which is the date the financial statements were widely distributed, noting no additional events which would affect the financial statements as of December 31, 2010.

## **Supplemental Schedule**

**UNITED NATIONS FOUNDATION, INC.**

## Schedule of Functional Expenses

## For the Years Ended December 31, 2010 and 2009

	Program Services					Supporting Services					
	Children's Health	Environment	Peace, Security & Human Rights	Women & Population	UN Strengthening	Total Program Services	General & Administrative	Fund-raising	Total Supporting Services	2010 Total Expenses	2009 Total Expenses
Personnel Expenses	\$ 4,794,128	\$ 1,533,760	\$ 27,904	\$ 924,683	\$ 411,892	\$ 7,692,367	\$ 2,124,405	\$ 2,506,306	\$ 4,630,711	\$ 12,323,078	\$ 10,606,072
Professional Fees	5,483,989	1,217,350	15,839	2,172,204	1,157,919	10,047,301	1,773,237	1,948,761	3,721,998	13,769,299	10,403,831
Occupancy	131,858	3,129	1,109	13,078	16,373	165,547	1,513,835	5,829	1,519,664	1,685,211	1,448,575
Information Technology	47,984	5,516	394	6,114	5,823	65,831	186,087	19,599	205,686	271,517	82,165
Communications	110,941	4,601	908	12,863	14,068	143,381	84,426	52,468	136,894	280,275	215,264
Postage & Delivery	54,113	1,772	454	5,876	6,698	68,913	19,612	27,631	47,243	116,156	111,903
Printing & Reproduction	97,972	9,220	394	20,164	9,751	137,501	29,619	44,491	74,110	211,611	226,565
Insurance	19,860	568	164	1,935	2,421	24,948	114,496	10,456	124,952	149,900	76,465
Travel	971,615	326,137	4,843	286,019	115,816	1,704,430	540,111	765,348	1,305,459	3,009,889	2,405,654
Other Operating	706,695	168,643	4,306	152,899	134,611	1,167,154	1,029,691	280,619	1,310,310	2,477,464	1816,350
Grant Expense	57,759,664	1,373,102	487,479	5,727,472	7,166,847	72,514,564	-	-	-	72,514,564	54,354,979
Total Expenses	\$ 70,178,819	\$ 4,643,798	\$ 543,794	\$ 9,323,307	\$ 9,042,219	\$ 93,731,937	\$ 7,415,519	\$ 5,661,508	\$ 13,077,027	\$ 106,808,964	\$ 81,747,823