

Better World Fund, Inc.

Financial Statements

December 31, 2021 and 2020

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Report of Independent Auditors

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

Opinion

We have audited the accompanying financial statements of Better World Fund, Inc. (the "Fund"), 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 Fund 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 Fund 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 Fund'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 Fund'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 Fund'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

Better World Fund, Inc.
Statements of Financial Position
Years Ended December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 2,889,797	\$ 1,694,306
Investments	4,048,727	3,692,288
Other assets	54,742	26,426
Total assets	<u>\$ 6,993,266</u>	<u>\$ 5,413,020</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 133,488	\$ 177,219
Related party payable	3,123,470	1,035,796
Deferred government grants	5,830	7,580
Total liabilities	<u>3,262,788</u>	<u>1,220,595</u>
Net assets		
Net assets without donor restrictions	772,333	1,234,281
Net assets with donor restrictions	2,958,144	2,958,144
Total net assets	<u>3,730,477</u>	<u>4,192,425</u>
Total liabilities and net assets	<u>\$ 6,993,265</u>	<u>\$ 5,413,020</u>

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

Better World Fund, Inc.
Statements of Activities
Years Ended December 31, 2021 and 2020

	2021	2020
Change in net assets without donor restrictions		
Revenues and other changes		
Contributions	\$ 3,416,215	\$ 3,522,114
Government grants	1,750	1,619
Investment return, net	356,537	669,123
Other sources of income	251,905	181,316
Total support and revenues before net asset release from restrictions	4,026,407	4,374,172
Net assets released from restriction	-	19,534
Total support and revenues	4,026,407	4,393,706
Expenses		
Program services	3,934,159	3,960,989
General and administrative	421,174	382,169
Fundraising	133,022	114,091
Total expenses	4,488,355	4,457,249
Change in net assets without donor restrictions	(461,948)	(63,543)
Net assets without donor restrictions		
Beginning of year	1,234,281	1,297,824
End of year	772,333	1,234,281
Change in net assets with donor restrictions		
Contributions	-	19,939
Net assets released from restriction	-	(19,534)
Change in net assets with donor restrictions	-	405
Net assets with donor restrictions		
Beginning of year	2,958,144	2,957,739
End of year	\$ 2,958,144	\$ 2,958,144
Change in net assets	(461,948)	(63,138)
Net assets		
Beginning of year	4,192,425	4,255,563
End of year	\$ 3,730,477	\$ 4,192,425

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

Better World Fund, Inc.
Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	Program Services			Supporting Services			2021 Total Expenses
	Advocacy	UN Strengthening	Total Program Services	General and Administrative	Fund Raising	Total Supporting Services	
Personnel expenses	\$1,829,502	\$ 927,516	\$2,757,018	\$ 280,471	\$ 72,394	\$ 352,865	\$ 3,109,883
Professional fees	705,538	134,555	840,093	73,373	28,733	102,106	942,199
Information technology	21,941	5,361	27,302	19,152	65	19,217	46,519
Communications	6,758	334	7,092	5,593	299	5,892	12,984
Postage and delivery	313	3,251	3,564	635	15	650	4,214
Printing and reproduction	673	4,109	4,782	51	461	512	5,294
Travel	10,010	1,511	11,521	1,037	689	1,726	13,247
Other operating	90,450	142,337	232,787	40,862	30,366	71,228	304,015
Grant expense	50,000	-	50,000	-	-	-	50,000
Total expenses	<u>\$ 2,715,185</u>	<u>\$ 1,218,974</u>	<u>\$ 3,934,159</u>	<u>\$ 421,174</u>	<u>\$133,022</u>	<u>\$ 554,196</u>	<u>\$ 4,488,355</u>

	Program Services			Supporting Services			2020 Total Expenses
	Advocacy	UN Strengthening	Total Program Services	General and Administrative	Fund Raising	Total Supporting Services	
Personnel expenses	\$ 1,757,128	\$ 1,031,436	\$2,788,564	\$ 258,082	\$ 71,717	\$ 329,799	\$ 3,118,363
Professional fees	738,336	127,784	866,120	73,107	27,316	100,423	966,543
Information technology	8,679	4,033	12,712	6,273	173	6,446	19,159
Communications	4,743	1,101	5,844	4,348	224	4,572	10,416
Postage and delivery	327	2,526	2,853	478	18	496	3,349
Printing and reproduction	1,153	5,178	6,331	340	4	345	6,676
Travel	8,657	5,796	14,453	691	362	1,054	15,507
Other operating	101,579	82,748	184,327	38,848	14,278	53,126	237,453
Grant expense	49,784	30,000	79,784	-	-	-	79,784
Total expenses	<u>\$ 2,670,386</u>	<u>\$ 1,290,602</u>	<u>\$3,960,988</u>	<u>\$ 382,168</u>	<u>\$114,092</u>	<u>\$ 496,260</u>	<u>\$ 4,457,249</u>

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

Better World Fund, Inc.
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ (461,948)	\$ (63,138)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net realized and unrealized gain on investments	(101,387)	(613,608)
Increase in other assets	(28,316)	(7,476)
(Decrease) increase in accounts payable and accrued expenses	(43,730)	41,759
Increase (decrease) in related party payable	2,087,674	(1,267,117)
Decrease in deferred government grants	(1,750)	(1,620)
Net cash provided by (used in) operating activities	<u>1,450,543</u>	<u>(1,911,200)</u>
Cash flows from investing activities		
Purchase of investments	(255,052)	(50,089)
Proceeds from the sale of investments	-	134,543
Net cash provided by investing activities	<u>(255,052)</u>	<u>84,454</u>
Change in cash and cash equivalents	1,195,491	(1,826,746)
Cash and cash equivalents		
Beginning of year	<u>1,694,306</u>	<u>3,521,052</u>
End of year	<u>\$ 2,889,797</u>	<u>\$ 1,694,306</u>

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

Better World Fund, Inc.

Notes to the Financial Statements

Years Ended December 31, 2021 and 2020

1. Description of the Organization

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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. Actual results could differ from those estimates.

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 Fund regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available cash. The Fund 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 Fund 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	\$ 2,889,797
Investments	<u>4,048,727</u>
	<u>\$ 6,938,524</u>

As part of the Fund'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 Fund 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 estimated by the investment manager under the general oversight of the Board of Directors of the Fund after consideration of factors considered to be relevant, including but not limited to, the type of investment, position size, marketability, (or absence thereof) cost, restrictions on transfer, and available quotations of similar instruments. Due to the uncertainty inherent in

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the valuation process, such estimates of fair value may differ significantly from the values that would have been obtained had a ready market for the investments existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. There is no single standard for determining fair value in good faith, as fair value depends upon the circumstances of each individual case. In general, fair value is the amount that the Fund might reasonably expect to receive upon the current sale of the investment in an arms-length transaction in the investment's principal market.

Investments are measured at fair value in the Statement of Financial Position based on the methodology described in Note 3. 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.

Concentration of Credit Risk

Financial instruments, which potentially subject BWF to a concentration of credit risk, consist of demand deposits placed with one financial institution. BWF places its cash and cash equivalents with high credit quality financial institutions that are federally insured under the Federal 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. BWF has not experienced any losses on these funds.

Classification of Net Assets

BWF'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 BWF is not subject to any donor-imposed stipulations. Net assets without donor restrictions generally result from contributions without donor restrictions, unrealized and realized gains and losses, and interest from investing net assets without donor restrictions in income-producing assets, less expenses incurred in making grants, raising contributions, and performing administrative functions. Board designated voluntary restrictions, such as voluntarily earmarking assets for a particular purpose, are included among the net assets without donor restrictions of BWF. The board is free to designate certain portions of its funds for certain activities; however, these are included among net assets without donor restrictions since they are not bound by restrictions imposed by a donor.

Net Assets With Donor Restrictions

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

As a result of the dissolution of the former United Nations Association of the United States of America ("UNA-USA") in 2012, BWF received an endowment contribution of \$2,625,000. The interest generated by these funds is for the maintenance and operation of a conference room and for general operations of BWF UNA-USA programs.

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Contributions

BWF recognizes unconditional promises to give at fair value in the period received or promised, whichever is earlier. All contributions are considered to be 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 involve fair value measurement only upon initial recognition. Unconditional promises to give, which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to any other similar nonprofit organization. This approach is consistent with the guidance provided under Accounting Standards Codification ("ASC") Topic 820. Discount rates are based on market participants. The discount rate for 2021 was 3.01% to 4.20%. However, there were no contributions discounted for 2021.

Government Grants

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

BWF 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. BWF has determined that there is not exchange back to the granting authority. Therefore, BWF accounts for these grants under the contribution model, which is outside the scope of Topic 606. Revenue is recognized as related project costs are recorded as expenses when services related to grants are incurred. Total Government grants revenue from contributions for the years ended December 31, 2021 and 2020 was \$1,750 and \$1,619 respectively.

In addition, at December 31, 2021 and December 31, 2020, BWF had remaining available award balances on federal and private conditional grants and contracts for sponsored projects of \$7,580. There were no changes in ending balance on federal and private conditional grants and contracts for sponsored projects between December 21, 2021 and December 21, 2020. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Grants

BWF makes grants in support of four program priorities established by the board of directors. The amount for which BWF 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, which are expected to be paid in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to other similar nonprofit organizations. This approach is consistent with the guidance provided under Accounting Standards Codification ("ASC") Topic 820. There were no discounted grants payable in 2021 or 2020.

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At the end of the approved grant term and upon completion of BWF's internal grant modification and closing process, grant recoveries and adjustments are recorded in the period in which they are closed or modified as reflected on the Statements of Activities. As of December 31, 2021, and 2020, no grant recoveries and adjustments were recorded related to closed grants with pending refunds.

Income Taxes

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

The Financial Accounting Standards Board ("FASB") 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 financial statements. There was no impact on BWF's financial statements during the years ended December 31, 2021 and 2020 resulting from this guidance.

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 Fund is in the 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 Fund follows the guidance on fair value measurements, which defines fair value option for financial assets and financial liabilities permits companies to choose to measure many financial assets and liabilities, and certain other items at fair value. This guidance requires a company to record unrealized gains and losses on items for which the fair value option has been elected in the Statement of Activities. The fair value option may be applied on an instrument by instrument basis. Once elected, the fair value option is irrevocable for that instrument. The fair value option can be

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applied only to entire instruments and not to portions thereof. BWF did not elect fair value accounting for any asset or liability that was not currently required to be measured at fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value standard discusses valuation techniques such as the market approach, cost approach and income 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 with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment on the part of the Fund. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the perceived risk of that investment.

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

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Years Ended December 31, 2021 and 2020

The following tables presents the financial investments in which BWF invests. The following investments are carried at fair value as of December 31, 2021 and 2020, by the fair valuation hierarchy defined above:

	Prices in Active Markets for Identical Assets (Level 1)	Fair Value at December 31, 2021
Investments		
Mutual fund	<u>\$ 4,048,727</u>	<u>\$ 4,048,727</u>
Balanced fund	<u>\$ 4,048,727</u>	<u>\$ 4,048,727</u>

	Prices in Active Markets for Identical Assets (Level 1)	Fair Value at December 31, 2020
Investments		
Mutual fund	<u>\$ 3,692,288</u>	<u>\$ 3,692,288</u>
Balanced fund	<u>\$ 3,692,288</u>	<u>\$ 3,692,288</u>

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

Balanced Funds

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

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

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Mutual fund				
Balanced fund	<u>\$4,048,727</u>	<u>\$3,267,932</u>	<u>\$3,692,288</u>	<u>\$2,772,957</u>
	<u>\$4,048,727</u>	<u>\$3,267,932</u>	<u>\$3,692,288</u>	<u>\$2,772,957</u>

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Notes to the Financial Statements
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4. Net Assets with Donor Restrictions

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

	2021	2020
Environment	\$ 7,745	\$ 7,745
UNA-USA	2,948,497	2,948,497
Women and population	1,902	1,902
	<u>\$ 2,958,144</u>	<u>\$ 2,958,144</u>

5. 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:

	2021	2020
UNA-USA	\$ -	\$ 19,534
	<u>\$ -</u>	<u>\$ 19,534</u>

6. Endowment Net Assets

The Board of the Fund has interpreted the District of Columbia enacted version of “Uniform Prudent Management of Institutional Funds Act” (UPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets restricted by donor until those amounts are appropriated for expenditure of the Fund in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Fund and the donor restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Fund
- (7) The investment policies of the Fund

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The Fund had the following endowment balances during the year ended December 31, 2021 and 2020 delineated by net asset class and donor-restricted versus Board-designated funds:

	With Donor Restriction	Total
Donor-restricted endowment funds		
At December 31, 2021	\$ 2,575,000	\$ 2,575,000
At December 31, 2020	\$ 2,575,000	\$ 2,575,000

Changes in Endowment net assets are summarized as follows for the years ended December 31, 2021 and 2020:

	With Donor Restriction	Total
Endowment net assets at January 1, 2021	\$ 2,575,000	\$ 2,575,000
Investment return, net	356,536	356,536
Appropriation of endowment net assets for expenditures	(356,536)	(356,536)
Endowment net assets at December 31, 2021	<u>\$ 2,575,000</u>	<u>\$ 2,575,000</u>

	With Donor Restriction	Total
Endowment net assets at January 1, 2020	\$ 2,575,000	\$ 2,575,000
Investment return, net	669,123	669,123
Appropriation of endowment net assets for expenditures	(669,123)	(669,123)
Endowment net assets at December 31, 2021	<u>\$ 2,575,000</u>	<u>\$ 2,575,000</u>

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of net assets without donor restriction. There were no deficits of this nature reported in net assets without donor restriction as of December 31, 2021 and 2020, respectively.

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Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Investment Objectives

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

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

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

7. Related Parties

Contributions

Contributions of \$3,052,551 and \$3,108,000 were received through donations of cash from UNF for the years ended December 31, 2021 and 2020, respectively.

Grants

In 2021 and 2020, BWF did not approve grants to affiliated organizations, respectively. At December 31, 2021 and 2020, respectively no unexpended grants remained payable to affiliated organizations.

Cost-Sharing Agreement

UNF and BWF have a cost-sharing agreement whereby operating costs are shared based upon the relative portions of annual grant making, employee time incurred, or labor costs, depending on the type of expenditure. During 2021 and 2020, \$705,505 and \$637,729, respectively, of such cost was incurred and allocated by UNF to BWF and was recorded by UNF as related party payable. 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 Payable in the Statements of Financial Position.

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The components of related party receivable and payable amounts is presented in the following table:

	2021	2020
Related party payable (due to UNF)	\$ (67,538)	\$ (6,823,473)
Related party receivable (due from UNF)	<u>3,191,008</u>	<u>5,787,677</u>
	<u>\$ 3,123,470</u>	<u>\$ (1,035,796)</u>

8. Functional Expenses Allocation

BWF is the premier educational and advocacy platform driving support for the United Nations and its causes in the United States. Program activities relate to goods and services in support of BWF's mission and relate to the organization's major programs. Supporting activities include 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. The Statement of Functional Expenses report certain categories of expenses that are attributable to one or more programs or supporting functions of BWF. Expenses are allocated on a percentage basis depending upon usage, and these percentages are reviewed annually.

9. Subsequent Events

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