PricewaterhouseCoopers

UNITED NATIONS FOUNDATION, INC.

Financial Statements

December 31, 2000 and 1999

UNITED NATIONS FOUNDATION, INC.
Index

PRICEWATERHOUSECOOPERS

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Report of Independent Accountants

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

In our opinion, the accompanying statement of financial position and the related statements of activities and changes in net assets and of cash flows present fairly, in all material respects, the financial position of United Nations Foundation, Inc. (the "Foundation"), at December 31, 2000 and 1999, and the results of its operations and changes in 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 which 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.

PricewaterhouseCoopers LLP

February 9, 2001

UNITED NATIONS FOUNDATION, INC.
Statement of Financial Position
December 31, 2000 and 1999

	2000	1999
Assets		
Cash and cash equivalents	$ 55,106,960	$ 123,306,043
Accounts receivable from affiliate (Note 9)	1,427,364	715,100
Fixed assets, net of accumulated depreciation of $457,587 and $215,462 in 2000 and 1999, respectively	516,678	507,892
Contribution receivable, net (Note 3)	808,255	765,620
Other assets	165,728	132,456
Total assets	$ 58,024,985	$ 125,427,111
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 386,970	$ 174,099
Unexpended grants, net (Note 4)	75,570,177	102,843,556
Total liabilities	75,957,147	103,017,655
Net assets (deficit) - unrestricted (Note 5)	(17,932,162)	22,409,456
Total liabilities and net assets	$ 58,024,985	$ 125,427,111

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

UNITED NATIONS FOUNDATION, INC.
Statement of Activities and Changes in Net Assets
For the Years Ended December 31, 2000 and 1999

	2000	1999
Revenues		
Gift income from related party (Note 9)	$ 45,760,985	$ 71,886,125
Other gift income	1,729,282	55,717,580
Donated services	158,842	618,422
Interest and dividends	3,475,184	3,651,173
Other income	61,288	-
	51,185,581	131,873,300
Expenses		
Program services	89,094,920	145,578,338
General and administrative	1,701,209	575,406
Fund raising	731,070	579,669
	91,527,199	146,733,413
Revenues (less than) greater than expenses	(40,341,618)	(14,860,113)
Unrestricted net assets, beginning of year	22,409,456	37,269,569
Unrestricted net assets (deficit), end of year	$ (17,932,162)	$ 22,409,456

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

UNITED NATIONS FOUNDATION, INC.

Statement of Cash Flows

For the Years Ended December 31, 2000 and 1999

	2000	1999
Cash flows from operating activities		
Revenues (less than) greater than expenses	$ (40,341,618)	$ (14,860,113)
Adjustments to reconcile change in unrestricted in net assets to net cash used in operating activities		
Depreciation	260,125	179,707
Donated securities (Note 9)	(45,760,985)	(71,886,125)
Realized loss on securities	-	36,034
Changes in assets and liabilities		
Accounts receivable from affiliate (Note 9)	(712,264)	(259,132)
Contributions receivable, net (Note 3)	(42,635)	(655,620)
Other assets	(33,272)	86,688
Accounts payable and accrued liabilities	212,871	(32,695)
Unexpended grants, net (Note 4)	(27,273,379)	77,682,785
Net cash used in operating activities	(113,691,157)	(9,708,471)
Cash flows from investing activities		
Proceeds from sale of securities	45,760,985	71,850,091
Purchase of fixed assets	(268,911)	(514,855)
Net cash provided by investing activities	45,492,074	71,335,236
Net (decrease) increase in cash and cash equivalents	(68,199,083)	61,626,765
Cash and cash equivalents, beginning of year	123,306,043	61,679,278
Cash and cash equivalents, end of year	$ 55,106,960	$ 123,306,043

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

1. **Description of the Organization**

In March 1998, R.E. (Ted) Turner established the United Nations Foundation, Inc. ("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.

Contributions received
UNF records contributions consistent with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" ("SFAS 116"). SFAS 116 requires contributions and unconditional promises to give to be recognized as revenue in the period received at their fair value. Restricted contributions or promises to give whose restrictions are met in the same accounting period as that in which they are received are presented as unrestricted revenue. Conditional promises to give are recognized when the conditions are substantially met. Multi-year promises to give are recorded at net present value.

Contributions made
SFAS 116 also requires contributions and unconditional promises to give to be recognized as expenses in the period made at their fair values. UNF considers a grant to be payable when the project has been unconditionally approved. Conditional grants are recognized when the conditions are substantially met. Multi-year grants are recorded at their net present value.

Donated services
UNF records donations of services if they create or enhance non-financial assets or 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.

Cash and cash equivalents
For purposes of the Statement of Cash Flows, UNF considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of funds held in a money market account which are available for immediate withdrawal without penalty.

Depreciation
Depreciation is provided on a straight-line basis for fixed assets based on useful lives ranging from three to seven years.

Investments – securities
UNF accounts for its investment securities under the provisions of Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" ("SFAS 124"). SFAS 124 requires investments in equity securities with readily determinable fair values and all investments in debt securities to be reported at fair value with unrealized gains and losses included in the Statement of Activities and Changes in Net Assets. There were no investments held as of December 31, 2000 and 1999, respectively.

Donated gifts of securities are recorded based on estimated fair value at the date the donation is received or at the realized value of the security if sold within seven days of the donation date.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Contributions Receivable

Contributions receivable are expected to be received over a period of several years and have been discounted at published rates for U.S. Treasury securities with similar maturities. These receivables are due as follows:

2001	$ 300,000
2002 through 2006	500,000
2007 through 2008	200,000
	1,000,000
Less: Discount	(191,745)
Contributions receivable at December 31, 2000	$ 808,255

4. Unexpended Grants

Certain unexpended grants at December 31, 2000 are due over a period of several years and have been discounted at a rate commensurate with the risks of UNF as required by SFAS 116. These grants are due as follows:

2001	$ 46,875,459
2002 through 2003	29,638,877
	76,514,336
Less: Discount	(944,159)
Unexpended grants at December 31, 2000	$ 75,570,177

5. Commitments

At December 31, 2000, UNF had committed to provide grants in excess of its cash resources. On February 8, 2001, UNF received approximately $24,970,000 in contributions from Ted Turner, Chairman of the UNF Board of Directors, which provides the Foundation with the resources to meet these commitments.

6. Tax Status

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.

7. Leases

UNF leases office space under operating leases expiring at various dates through 2009. Rent expense of $571,799 and $328,033 was recognized for the years ending December 31, 2000 and 1999. The future minimum lease payments of these leases are as follows:

Year ending December 31,	Amount
2001	$ 617,870
2002	634,322
2003	298,229
2004	161,915
2005	170,330
Thereafter	373,065
	$ 2,255,731

Current and future rental payments are subject to a cost-sharing agreement with BWF, which is further described in Note 9.

8. Employee Benefits

Effective July 1998, UNF established a 401(k) plan for all UNF employees. UNF provides a 100% match of all employee contributions up to 3% of the employee's salary. UNF provides a 150% match of all employee contributions from 3% to 6% of the employee's salary with a maximum contribution of 6% of the employee's salary. For the years ended December 31, 2000 and 1999, UNF paid benefits under this plan of $294,783 and $65,643, respectively. Payments were subject to a cost-sharing agreement with BWF, which is further described in Note 9.

9. **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 Nation's 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 also has responsibility for final project preparation. UNFIP is required to be administered in accordance with the Financial Regulations and Rules of the United Nations. During 2000 and 1999, grants unconditionally approved to UNFIP and included in program services in the Statement of Activities were $83,767,631 and $143,978,538, respectively. Included in the grants unconditionally approved to UNFIP during 2000 and 1999 are administrative and project fees of $2,124,800 and $1,599,800, respectively. At December 31, 2000 and 1999, unexpended grants of $76,356,638 and $102,843,556, respectively are committed to UNFIP.

Gift income
Gift income in the amount of $45,760,985 and $71,886,125 was received through the donation of securities from Ted Turner, Chairman of UNF Board of Directors, for the years ended December 31, 2000 and 1999, respectively.

Cost-sharing agreement
UNF incurs certain costs of operations, which are shared by BWF. UNF and BWF have a cost-sharing agreement whereby operating costs are shared based upon the relative portions of annual grant making; employee times incurred, or labor costs, depending on the type of expenditure. In 2000 and 1999, respectively, $450,298 and $345,343 of cost was allocated from UNF to BWF and was recorded in accounts receivable from affiliate.

Grants paid to affiliated organization
During 2000, UNF provided a grant of $2,000,000 to the University for Peace. A board member of UNF is Chairman and Rector of the board of the University for Peace.