

UNITED NATIONS FOUNDATION, INC.
Financial Statements and Supplementary
Information
December 31, 2009 and 2008

UNITED NATIONS FOUNDATION, INC.

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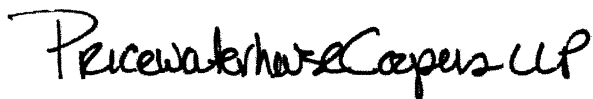
Report of Independent Auditors

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"), at December 31, 2009 and 2008 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.

As discussed in Note 2, to the financial statements, on January 1, 2008 the Foundation adopted authoritative guidance on *Fair Value Measurements*.

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.



June 17, 2010

UNITED NATIONS FOUNDATION, INC.
Statements of Financial Position
As of December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 32,317,371	\$ 89,760,260
Investments	78,382,560	104,573
Accounts receivable:		
Due from an affiliate, net	1,448,152	1,608,641
Other	2,603,867	3,630,771
Contributions receivable, net	32,838,393	43,925,803
Prepaid expenses and deposits	326,079	361,037
Property and equipment, net	<u>2,429,673</u>	<u>2,173,088</u>
Total assets	<u>\$ 150,346,095</u>	<u>\$ 141,564,173</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 2,537,349	\$ 1,841,391
Unexpended grants, net	10,097,020	25,264,830
Deferred rent and landlord allowance	<u>1,029,236</u>	<u>1,059,349</u>
Total liabilities	<u>13,663,605</u>	<u>28,165,570</u>
Net assets		
Unrestricted net assets (excluding cumulative translation adjustment)(Board designated \$78 million)	79,580,196	61,959,821
Temporarily restricted net assets	<u>57,102,294</u>	<u>51,438,782</u>
Total net assets	<u>136,682,490</u>	<u>113,398,603</u>
Total liabilities and net assets	<u>\$ 150,346,095</u>	<u>\$ 141,564,173</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Change in unrestricted net assets		
Revenues and other changes:		
Contributions from a related party	\$ 40,625,000	\$ 40,625,000
Contributions from third parties	395,235	350,400
Interest and dividends	2,758,922	5,226,296
Net realized and unrealized gain (loss) on investments	722,403	(86,025)
Grant recoveries and adjustments	3,483,918	236,955
Other	115,390	154,648
Total unrestricted revenues and other changes	<u>48,100,868</u>	<u>46,507,274</u>
Net assets released from restriction	51,267,330	114,424,305
Total unrestricted revenues and other support	<u>99,368,198</u>	<u>160,931,579</u>
Expenses:		
Program services	70,838,540	130,356,130
General and administrative	5,040,059	4,521,106
Fund raising	5,869,224	5,388,127
Total expenses	<u>81,747,823</u>	<u>140,265,363</u>
Change in unrestricted net assets	17,620,375	20,666,216
Unrestricted net assets, beginning of year	61,959,821	41,293,605
Unrestricted net assets, end of year	<u>79,580,196</u>	<u>61,959,821</u>
Change in temporarily restricted net assets		
Contributions from third parties	55,943,654	65,844,728
Contributions from a related party	-	272,998
Interest and dividends	10,041	1,159,046
Donated art work	-	824,516
Grant recoveries and adjustments	1,723,598	-
Bad debt and other adjustments	(1,333,616)	(196,097)
Unrealized foreign currency exchange gain (loss)	587,165	(2,687,754)
Net assets released from restriction	(51,267,330)	(114,424,305)
Change in temporarily restricted net assets	<u>5,663,512</u>	<u>(49,206,868)</u>
Temporarily restricted net assets, beginning of year	51,438,782	100,645,650
Temporarily restricted net assets, end of year	<u>57,102,294</u>	<u>51,438,782</u>
Change in net assets (excluding change in translation adjustment)	23,283,887	(28,540,652)
Change in translation adjustment	-	(5,966)
Net assets, beginning of year (including cumulative translation adjustment)	<u>113,398,603</u>	<u>141,945,221</u>
Net assets, end of year	<u>\$ 136,682,490</u>	<u>\$ 113,398,603</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ 23,283,887	\$ (28,540,652)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	503,520	411,633
Grant recoveries	(5,207,516)	(236,956)
Contributions returned to donors	1,007,067	9,933
Bad debt and other adjustments	326,549	196,097
Other	-	198,060
Accretion on the contributions receivable	(1,874,257)	(1,407,425)
Discount on contributions receivable	297,427	1,023,353
Amortization of discount on grants payable	799,345	939,905
Discount on grants payable	(61,918)	(218,732)
Accretion of deferred rent	(74,238)	(60,567)
Donated securities	(13,634)	(9,378)
Net realized and unrealized (gain) loss and fees on investments	(519,140)	76,795
Unrealized foreign currency exchange (gain) loss	(587,165)	2,568,789
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable due from an affiliate	160,489	(1,166,773)
Decrease (increase) in accounts receivable other, net	1,026,904	(1,971,019)
Decrease (increase) in contributions receivable	12,924,855	(3,426,073)
Decrease (increase) in prepaid expenses and deposits	34,958	(185,753)
Decrease in donated artwork	-	37,881,000
Increase in accounts payable and accrued expenses	695,958	674,168
Decrease in unexpended grants	(11,704,787)	(34,323,259)
Increase in deferred rent	44,125	12,011
Net cash provided by (used in) operating activities	<u>21,062,429</u>	<u>(27,554,843)</u>
Cash flows from investing activities		
Proceeds from sale of donated securities	13,634	9,378
Purchase of investments	(77,753,827)	(43,002,946)
(Loss) proceeds from the sale of investments	(5,020)	42,923,205
Purchases of property and equipment	(760,105)	(113,991)
Net cash used in investing activities	<u>(78,505,318)</u>	<u>(184,354)</u>
Effect of cumulative translation adjustment on cash	-	(5,966)
Net decrease in cash and cash equivalents	<u>(57,442,889)</u>	<u>(27,745,163)</u>
Cash and cash equivalents, beginning of year	<u>89,760,260</u>	<u>117,505,423</u>
Cash and cash equivalents, end of year	<u>\$ 32,317,371</u>	<u>\$ 89,760,260</u>
Supplemental information :		
Transfer of fixed assets from an affiliate	\$ -	\$ 1,492
Donated securities	<u>\$ 13,634</u>	<u>\$ 9,378</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, 2009 and 2008

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.

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, \$523,059 and \$4,183,916 have been designated as grant matching funds as of December 31, 2009 and 2008, 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, 2009, the set-aside balance was approximately \$78 million. In connection with these goals and included in the \$78 million amount, the Board of Directors approved \$20 million dollars in each of the years 2009 and 2008.

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 2009, the FASB issued “The FASB Accounting Standards Codification (“ASC” or “Codification”) and the Hierarchy of Generally Accepted Accounting Principles (“GAAP”)”. This standard was effective for the Foundation in 2009. Upon effect, the Codification became the

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source of authoritative U.S. GAAP recognized by the FASB and the Foundation's notes to the consolidated financial statements no longer make reference to the Statement of Financial Accounting Standards ("SFAS") or other U.S. GAAP pronouncements. The adoption of the Codification had no impact on the Foundation's consolidated financial position or results of activities.

In May 2009, the FASB issued authoritative guidance on subsequent events. This guidance is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The standard requires disclosure of the date through which the Foundation has evaluated subsequent events and whether that date represents the date the financial statements were issued or were available to be issued. The Foundation has disclosed the date through which it has evaluated subsequent events.

Effective January 1, 2008, UNF adopted Accounting Standards Codification ("ASC") Topic 820, "*Fair Value Measurements and Disclosures*" ("ASC Topic 820). See Note 3. The adoption of the guidance had no impact on the Foundation's beginning balance of net assets as of January 1, 2008. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings when they occur.

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, 2009 and 2008, 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 2008 and 2009 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

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on market participants and range from 3.1% to 5.14%. Carrying value approximates market value.

In 2009, contributions received in prior years totaling \$1,007,067 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. Of the total amount returned, \$900,000 was returned to one single donor. In 2008, contributions received in prior years totaling \$9,933 were returned to donors pertaining to residual funds 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.

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 2009 and 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 3.09% 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 2009 and 2008, grant recoveries and adjustments and the corresponding grants payable balances were recorded in the amounts of \$4,232,979 and \$226,839, respectively, due to grant closings and modifications. Additionally, as of December 31, 2009 and 2008, grant recoveries and adjustments were recorded related to closed grants with pending refunds in the amounts of \$974,537 and \$10,117, respectively. As of December 31, 2009 and 2008, unexpended grants on the Statements of Financial Position include approximately \$1.4 million and \$7.9 million, respectively, for grants payable with expired terms or no immediate future projected payments. These grant payable amounts are expected to be paid, closed or redirected upon completion of UNF's internal grant modification and closing process.

Gift in kind

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

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Notes to the Financial Statements
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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, 2009 and 2008.

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 2009 and 2008. 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.

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.

Landlord Allowance

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As an incentive for entering into the lease agreement for its 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, 2009 and 2008, \$374,285 and \$448,524 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.

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

Net realized losses of \$5,020 and \$76,795 were recorded on the sale of securities included in "Other" unrestricted revenue on the Statement of Activities for the years ended December 31, 2009 and 2008, respectively.

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, 2009 and 2008, the aggregate balances in excess of the insurance limits were approximately \$31.8 million and \$89.3 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.

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Reclassifications

Certain items in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

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;
- 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:

	<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.

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Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

The following table summarizes the fair value measurement as of December 31, 2009 for financial assets by pricing observability levels:

	Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value at 12/31/09
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
Common and Preferred Stock - Asia ex Japan All Cap Equities	-	\$ 1,421,347	-	1,421,347
Alternative Investments - Long/Short Equity Hedged Equity Funds	-	-	\$ 3,089,373	3,089,373
Alternative Investments - Absolute Return Global Multi Strategy Fund	-	-	3,092,111	3,092,111
Alternative Investments - Absolute Return Global Long/Short Credit and Even 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
Total assets measured at fair value on a recurring basis	\$ 86,317,227	\$ 1,421,347	\$ 16,583,224	\$ 104,321,798

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 previously-disclosed techniques and processes which have been reviewed for propriety and consistency with consideration given to asset type and investment strategy. In addition, the Foundation may also use established processes for determining the fair value of such securities which reflect the Foundation's own assumptions to value the assets as well. Management makes best estimates based on the information available. The following estimates and assumptions were used to determine the fair value of each class of financial instruments listed above:

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
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- *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.
- *Mutual Funds* – *Mutual funds include a diversified portfolio of high quality bonds, debt securities* and other similar instruments that are actively managed to maximize return in a risk-controlled framework. These investments exist in an active market and are valued at quoted market prices. They are classified as Level 1 based on the availability of quotes in an active market.
- *Equity Investments* – Equity investments include but are not limited to separately held accounts in hedge 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 include common and preferred stock of companies in the Asia-Pacific region. 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 the Asia Pacific fund are publically traded, the fund itself is not.
 - *Privately-held securities* – These investments include alternative investments comprised of long/short equity hedged funds, absolute return global multi strategy funds, global long/short credit and even driven, and global fixed income arbitrage. The fair values of these investments have been estimated using the net asset value (NAV) per share. 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, and 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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Notes to the Financial Statements
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The following table summarizes redemption restrictions associated with each investment type as of December 31, 2009:

Investment	Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Mutual Fund - Domestic Large Cap Equities	\$ 10,844,772	daily	daily
Mutual Fund - Domestic Core Fixed Income	49,426,870	daily	daily
Common and Preferred Stock - Asia ex Japan All Cap Equities	1,421,347	monthly	30 days
Alternative Investments - Long/Short Equity Hedged Equity Funds	3,089,373	tri-annually starting in 2012	60 days
Alternative Investments - Absolute Return Global Multi Strategy Fund	3,092,111	1/3 redeemable annually starting in 2011	65 days
Alternative Investments - Absolute Return Global Long/Short Credit and Even Driven	5,199,335	25% quarterly	65 days
Alternative Investments - Global Fixed Income Arbitrage	5,202,405	quarterly starting in 2010	90 days
Certificate of Deposit	<u>106,347</u>	daily	daily
Total	<u>\$ 78,382,560</u>		

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

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Notes to the Financial Statements
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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 - Long/Short Equity - Hedged Equity Funds	Alternative Investments - Absolute Return Global Multi Strategy Fund	Alternative Investments - Absolute Return Global Long/Short Credit and Even 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	<u>3,076,269</u>	<u>3,071,811</u>	<u>5,199,335</u>	<u>4,953,251</u>
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
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4. Investments

The Foundation held the following investments at December 31,

	2009	2008
Mutual Fund - Domestic Large Cap Equities	\$ 10,844,772	\$ -
Mutual Fund - Domestic Core Fixed Income	49,426,870	-
Common and Preferred Stock - Asia ex Japan All Cap Equities	1,421,347	-
Alternative Investments - Long/Short Equity Hedged Equity Funds	3,089,373	-
Alternative Investments - Absolute Return Global Multi Strategy Fund	3,092,111	-
Alternative Investments - Absolute Return Global Long/Short Credit and Even Driven	5,199,335	-
Alternative Investments - Global Fixed Income Arbitrage	5,202,405	-
Certificate of Deposit	106,347	104,573
Total	<u>\$ 78,382,560</u>	<u>\$ 104,573</u>

Management fees incurred as of December 31, 2009 and 2008 totaled \$198,655 and \$0, respectively.

5. Contributions Receivable

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

	<u>2009</u>	<u>2008</u>
Less than one year	\$ 25,701,243	\$ 30,331,576
One year to five years	7,540,430	15,574,337
	<u>33,241,673</u>	<u>45,905,913</u>
Less: Discount to net present value	<u>(403,280)</u>	<u>(1,980,110)</u>
Total contributions receivable, net	<u>\$ 32,838,393</u>	<u>\$ 43,925,803</u>

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. Net contributions

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receivable as of December 31, 2008 included amounts of approximately \$25 million, \$8.1 million, \$6.6 million and \$3.2 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 2008 and 2009 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 3.1% to 5.14%.

6. Property and Equipment

Property and equipment consisted of the following at December 31:

	2009	2008
Land	\$ 138,175	\$ 138,175
Leasehold improvements	3,037,039	2,497,017
Equipment	763,988	809,665
Furniture and fixtures	221,269	221,269
	<u>4,160,471</u>	<u>3,666,126</u>
Less: Accumulated depreciation	<u>(1,730,798)</u>	<u>(1,493,038)</u>
Total property and equipment, net	<u>\$ 2,429,673</u>	<u>\$ 2,173,088</u>

UNITED NATIONS FOUNDATION, INC.
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7. Unexpended Grants

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

	2009	2008
Less than one year	\$ 8,613,119	\$ 19,320,410
One year to five years	1,558,071	6,756,016
	<u>10,171,190</u>	<u>26,076,426</u>
Less: Discount to net present value	(74,170)	(811,596)
Total unexpended grants, net	<u>\$ 10,097,020</u>	<u>\$ 25,264,830</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 2008 and 2009 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 3.09% 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 \$1,292,135 and \$1,201,129 was recognized for the years ended December 31, 2009 and 2008, respectively, on a straight-line basis. The following is a schedule of anticipated future minimum rental payments as of December 31, 2009, pursuant to lease agreements:

Year ending December 31,	
2010	\$ 1,718,762
2011	1,705,251
2012	1,786,640
2013	1,829,258
2014	1,877,254
Thereafter	<u>1,039,449</u>
	<u>\$ 9,956,614</u>

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

9. Temporarily Restricted Net Assets

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

	<u>2009</u>	<u>2008</u>
Apathy is Lethal	\$ 18,682	\$ 96,040
Campaign to Eradicate Polio	787	59,825
Children's Health	30,325,763	22,308,631
Disaster Relief	1,853	140,299
Environment	2,476,055	3,173,222
Global AIDS Fund	6,763,754	3,215,190
Indian Diaspora	86,886	86,886
Malaria	4,564,306	5,077,709
Other	542,948	1,064,371
Peace, Security, and Human Rights	186,200	6,200
Time Restriction	1,836,254	3,970,533
Vodafone Partnership	4,860,674	8,531,274
Women and Population	3,714,534	3,708,602
	<u>\$ 55,378,696</u>	<u>\$ 51,438,782</u>

UNITED NATIONS FOUNDATION, INC.
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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:

	2009	2008
Apathy is Lethal	\$ 77,358	\$ 94,215
Campaign to Eradicate Polio	59,825	60,000
Children's Health	31,409,526	41,313,694
Disaster Relief	148,502	1,063,796
Environment	1,248,460	3,801,415
Global AIDS Fund	1,272,712	45,736,580
Indian Diaspora	-	-
Malaria	6,393,876	11,229,548
Other	1,013,154	1,303,280
Peace, Security, and Human Rights	(40,623)	74,410
Time Restriction	2,619,332	3,072,512
Vodafone Partnership	4,561,163	4,540,354
Women and Population	2,504,045	2,134,501
	<u>\$ 51,267,330</u>	<u>\$ 114,424,305</u>

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, 2009 and 2008, UNF contributed under this plan in the amount of \$444,366 and \$419,621, respectively. Payments were subject to a cost-sharing agreement with BWF, which is further described in Note 11.

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 Nation's projects and activities, and engage in or provide support to activities designed to increase public

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

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 2009 and 2008, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities and Changes in Net Assets were \$28,176,920 and \$63,679,828, respectively. Included in the grants unconditionally approved to UNFIP during 2009 and 2008 are administrative and project fees of \$1,750,000 and \$1,500,000, respectively. At December 31, 2009 and 2008, unexpended grants of \$9,335,218 and \$25,448,015, respectively are committed to UNFIP.

Contribution

Contributions in the amount of \$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, 2009 and 2008, respectively. Contributions of \$272,998 were received through donations of cash from the BWF for the year ended December 31, 2008. No such contributions from BWF were received for the year ended December 31, 2009.

Grants

UNF approved grants totaling \$1,684,545 to affiliated organizations during 2009. There were no such grants approved by UNF during 2008. At December 31, 2009 and 2008, 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 2009 and 2008, \$1,330,436 and \$559,735, 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 84%: 16% and 93%: 7% for the years ended December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, \$1,448,151 (consisting of \$3,166,970 of payables and \$4,615,121 of receivables) and \$1,608,641 (consisting of \$1,608,641 of receivables), respectively, were receivable by UNF included in “Due from an Affiliate” in the Statements of Financial Position.

13. Donated Art Work

The Foundation received a donation of 73 pieces of art work in 2007 and 10 pieces of art work in 2008 from various artists. A charity art auction was held on February 14, 2008, through Sotheby’s auction lounge in New York, to sell the entire 83 pieces of art work. A total of 72 from the original 73 pieces donated to the Foundation were sold and generated net revenue in the amount of \$37,681,000. Accordingly, the Foundation recognized \$37,681,000 plus an estimated value of \$200,000 for the one unsold piece as temporarily restricted revenue for the year ended December 31, 2007. The unsold piece was returned to the donor in 2008 at which time the contribution

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revenue of \$200,000 recognized in 2007 was reversed. The additional 10 pieces also were sold in their entirety during the February 2008 auction. The ownership of the additional 10 pieces of the art works passed on to the Foundation when these pieces were received in 2008. Therefore, the realized net revenue of approximately \$1.03 million on sale of these 10 additional pieces was accounted for as temporarily restricted contribution revenue in 2008. The proceeds from the entire sale were directed to the Foundation's fund in support of HIV/AIDS relief programs in Africa. There was no donated art work for the year ended December 31, 2009.

14. 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, 2009, there were no loans issued under this Guarantee Agreement. Therefore, no contingency reserve was recorded by UNF.

15. Subsequent Events

UNF has performed an evaluation of subsequent events through June 17, 2010, which is the date the financial statements were widely distributed, noting no additional events which would affect the financial statements as of December 31, 2009.

Supplemental Schedule

UNITED NATIONS FOUNDATION, INC.
Schedule of Functional Expenses
For the Years Ended December 31, 2009 and 2008

	Program Services					Supporting Services					2009 Total Expenses	2008 Total Expenses
	Children's Health	Environ- ment	Peace, Security & Human Rights	Women & Population	UN Streng- thening	Total Program Services	General & Admini- strative	Fund- raising	Total Supporting Services			
Personnel Expenses	\$ 4,584,372	\$ 1,038,770	\$ 64,796	\$ 418,735	\$ 246,841	\$ 6,353,514	\$ 1,878,914	\$ 2,373,644	\$ 4,252,558	\$ 10,606,072	\$ 9,403,450	
Professional Fees	5,329,438	1,501,642	24,596	478,469	133,746	7,467,891	540,063	2,395,877	2,935,940	10,403,831	6,779,860	
Occupancy	116,477	5,339	2,124	4,397	8,092	136,429	131,146	-	131,146	1,448,575	1,253,623	
Information Technology	2,007	317	4	14	24	2,366	76,206	3,593	79,799	82,165	354,634	
Communications	108,956	7,446	1,628	3,385	6,203	127,618	33,530	54,116	87,646	215,264	204,337	
Postage & Delivery	43,957	2,404	737	1,592	2,809	51,499	28,110	32,294	60,404	111,903	125,479	
Printing & Reproduction	82,586	48,309	626	6,481	2,386	140,388	25,039	61,138	86,177	226,565	262,361	
Insurance	15,412	1,297	256	979	973	18,917	45,925	11,623	57,548	76,465	262,361	
Travel	878,614	444,201	8,611	49,077	32,793	1,413,296	347,343	645,015	992,358	2,405,654	2,205,274	
Other Operating	544,876	162,115	7,376	29,170	28,106	771,643	752,783	291,924	1,044,707	1,816,350	1,741,709	
Grant Expense	42,729,129	4,213,520	987,717	3,475,696	2,948,917	54,354,979	-	-	-	54,354,979	17,819,639	
Total Expenses	\$ 54,435,824	\$ 7,425,360	\$ 1,098,471	\$ 4,467,995	\$ 3,410,890	\$ 70,838,540	\$ 5,040,059	\$ 5,869,224	\$ 10,909,283	\$ 81,747,823	\$ 140,265,363	