

United Nations Foundation, Inc.

**Financial Statements and Supplementary
Information**

December 31, 2016 and 2015

United Nations Foundation, Inc.

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December 31, 2016 and 2015

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Report of Independent Auditors

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

We have audited the accompanying financial statements of the United Nations Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Nations Foundation, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

May 26, 2017

United Nations Foundation, Inc.
Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 53,553,952	\$ 42,559,643
Investments	177,199,887	196,768,267
Accounts receivable		
Due from an affiliate	391,769	455,142
Other	4,494,357	2,893,249
Contributions receivable, net	75,739,112	94,379,062
Prepaid expenses and deposits	527,382	485,608
Property and equipment, net	<u>9,076,946</u>	<u>9,907,014</u>
Total assets	<u>\$ 320,983,405</u>	<u>\$ 347,447,985</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 4,631,259	\$ 7,820,850
Deferred government grants	11,553	103,263
Unexpended grants, net	3,532,322	3,678,568
Deferred rent and landlord allowance	<u>16,334,701</u>	<u>16,624,799</u>
Total liabilities	<u>24,509,835</u>	<u>28,227,480</u>
Net assets		
Unrestricted net assets	186,419,293	201,090,795
Temporarily restricted net assets	<u>110,054,277</u>	<u>118,129,710</u>
Total net assets	<u>296,473,570</u>	<u>319,220,505</u>
Total liabilities and net assets	<u>\$ 320,983,405</u>	<u>\$ 347,447,985</u>

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

United Nations Foundation, Inc.
Statements of Activities
December 31, 2016 and 2015

	2016	2015
Change in unrestricted net assets		
Revenues		
Contributions from a related party	\$ -	\$ -
Contributions from third parties	10,062,555	9,210,916
Government grants	5,943,450	9,400,990
Interest and dividends	1,853,275	3,660,853
Net realized and unrealized gain/loss and fees on investments	5,031,374	2,473,347
Grant recoveries and adjustments	184,247	404,103
Other	1,090,186	440,148
Total unrestricted revenues and other changes	24,165,087	25,590,357
Net assets released from restriction	78,204,030	92,989,696
Total unrestricted revenues and other support	102,369,117	118,580,053
Expenses		
Program services	102,415,848	122,584,823
General and administrative	8,462,615	9,425,062
Fundraising	6,162,156	7,453,173
Total expenses	117,040,619	139,463,058
Change in unrestricted net assets	(14,671,502)	(20,883,005)
Unrestricted net assets		
Beginning of year	201,090,795	221,973,800
End of year	186,419,293	201,090,795
Change in temporarily restricted net assets		
Contributions from third parties	75,656,682	77,380,250
Contributions from a related party	-	442,475
Grant recoveries and other adjustments	(489,181)	(97,022)
Net realized and unrealized foreign currency exchange (loss) gain	(5,038,904)	(1,784,054)
Net assets released from restriction	(78,204,030)	(92,989,696)
Change in temporarily restricted net assets	(8,075,433)	(17,048,047)
Temporarily restricted net assets		
Beginning of year	118,129,710	135,177,757
End of year	110,054,277	118,129,710
Change in net assets	(22,746,935)	(37,931,052)
Net assets		
Beginning of year	319,220,505	357,151,557
End of year	\$ 296,473,570	\$ 319,220,505

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

United Nations Foundation, Inc.
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ (22,746,935)	\$ (37,931,052)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	1,082,908	1,039,087
Grant recoveries	(882,678)	(643,748)
Other adjustments	1,227,492	286,309
Amortization of discount for contributions receivable	(455,961)	(658,240)
Accretion of landlord allowance	(650,121)	288,984
Net realized and unrealized loss (gain) on investments	(2,286,587)	909,595
Net realized and unrealized foreign currency exchange loss	5,039,713	1,831,381
Decrease (increase) in accounts receivable due from an affiliate	63,372	392,393
(Increase) decrease in accounts receivable other, net	(2,057,279)	(1,129,441)
(Decrease) increase in contributions receivable	12,828,706	(7,092,561)
Decrease (Increase) in grants receivable	456,171	(631,790)
(Increase) decrease in prepaid expenses and deposits	(41,774)	65,473
(Decrease) increase in accounts payable and accrued expenses	(3,189,590)	2,656,004
Increase in unexpended grants	736,432	1,947,786
Increase in deferred rent	360,023	695,612
(Decrease) increase in deferred grant revenue	(91,710)	103,263
Net cash used in operating activities	<u>(10,607,818)</u>	<u>(37,870,945)</u>
Cash flows from investing activities		
Purchase of investments	(8,388,608)	(47,489,577)
Proceeds from the sale of investments	30,243,575	63,874,750
Purchases of property and equipment	(252,840)	(1,781,938)
Net cash provided by (used in) investing activities	<u>21,602,127</u>	<u>14,603,235</u>
Change in cash and cash equivalents	10,994,309	(23,267,710)
Cash and cash equivalents		
Beginning of year	42,559,643	65,827,353
End of year	<u>\$ 53,553,952</u>	<u>\$ 42,559,643</u>
Supplemental information		
Donated securities	\$ 110,735	\$ 270,387

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

United Nations Foundation, Inc.

Notes to the Financial Statements

December 31, 2016 and 2015

1. Description of the Organization

In March 1998, R.E. (Ted) Turner established the United Nations Foundation, Inc. (the "Foundation" or "UNF") and its sister organization, Better World Fund, Inc. ("BWF"), to support the efforts of the United Nations ("UN"). UNF's mission is to promote a more peaceful, prosperous, and just world – through support of the United Nations and its Charter, with special emphasis on the UN's work on behalf of economic, social, environmental and humanitarian causes. UNF focuses on four main programs: 1) women and population, 2) the environment, 3) children's health, and 4) peace, security and human rights.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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.

Valuation of Investments

The Foundation carries its investments at market value to the extent that market quotations are readily available and reliable. To the extent that market quotations are not available or are considered to be unreliable, fair value is reported based on the values reported by third-party investment managers, under the general oversight of the Investment Sub-Committee of the Foundation after consideration of factors considered to be relevant, including but not limited to, the type of investment, position size, marketability, (or absence thereof) cost, restrictions on transfer, and available quotations of similar instruments. Due to the uncertainty inherent in the valuation 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 circumstances of each individual case. In general, fair value is the amount that the Foundation might reasonably expect to receive upon the current sale of the investment in an arms-length transaction in the investment's principal market.

The change in net unrealized gains or losses on investment securities is reflected in the Statements of Activities. 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.

See Note 3 for further details on valuation of investments.

United Nations Foundation, Inc.
Notes to the Financial Statements
December 31, 2016 and 2015

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.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when events and circumstances indicate that the carrying amount of an asset may not be recoverable. UNF's policy is to record an impairment loss when it is determined that the carrying amount of the asset exceeds the sum of the expected undiscounted future cash flows resulting from use of the asset and its eventual disposition. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. There were no impairment charges for the years ended December 31, 2016 and 2015.

Concentration of Credit Risk

Financial instruments, which potentially subject UNF to a concentration of credit risk, consist of cash and demand deposits placed with one financial institution. UNF places its cash and cash equivalents with high credit quality financial institutions that are federally insured under the Federal Depositary Insurance Corporation Act (FDICA). At December 31, 2016 and 2015, the aggregate balances in excess of the insurance limits were approximately \$53,300,000 and \$42,300,000, 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.

Leases and Leasehold Improvements

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

During 2012, UNF entered into a new agreement to lease office space in Washington, DC for its new headquarters location. The lease agreement has a term of 15 years, commencing in January 2014 and expiring in December 2028. As a result of the move to its new headquarters location in 2014, UNF provided lease termination notices to two other DC landlords. The move to the new headquarters location was effective on January 1, 2014.

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

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

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

United Nations Foundation, Inc.
Notes to the Financial Statements
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Landlord Allowance

As an incentive for entering into the lease agreement for its office in New York City, UNF received a cash allowance of \$192,000 from the landlord in 2011. The value of this allowance payment and total base rent under the lease is amortized over the ten-year, seven-month life of the lease. As of December 31, 2016 and 2015, \$198,272 and \$228,511, respectively, is included in deferred rent and landlord allowance on the Statements of Financial Position as unamortized landlord allowance.

As an incentive for entering into the lease agreement for its new headquarters location in Washington, DC, UNF received a commitment for cash allowances as follows: 1) \$315,281 to cover the lease termination fee at one Washington, DC location, 2) \$335,741 to cover the lease termination fee and \$1,514,607 to cover post-move rent payments due at another Washington, DC location, and 3) \$7,011,668 to cover tenant improvements at the new headquarters location. Leasehold improvements, landlord allowances and credits, and total base rent under the lease are amortized over a 16-year and three-month period, commencing when UNF took possession of the space to begin tenant improvements in October 2012 and ending at the end of the lease term in November 2028. As an incentive for entering into the lease agreement for the second floor in its headquarters location in Washington, DC, UNF received a commitment for a cash allowance towards tenant improvements. The value of this allowance payment and total base rent under the lease is amortized over a 13 year, 9-month period commencing when UNF took possession of the space to begin tenant improvements in April 2015 and ending at the end of the lease term in December 2028. As of December 31, 2016 and 2015, \$16,136,429 and \$16,396,288, respectively, is included in deferred rent and landlord allowance on the Statements of Financial Position. As of December 31, 2016 and 2015, Accounts receivable – Other included \$0 and \$922,336, respectively, in landlord allowance receivable.

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. As of December 31, 2016 and 2015, no UNF unrestricted net assets have been designated as grant matching funds.

The Board of Directors has set-aside funds from the R.E. (Ted) Turner's unrestricted contributions for the long-term sustainability goals of the Foundation. As of December 31, 2016, the board-designated balance was approximately \$177.2 million.

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 Statements of Activities as net assets released from restrictions.

United Nations Foundation, Inc.
Notes to the Financial Statements
December 31, 2016 and 2015

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 Statements of Activities as net assets released from restrictions.

Unconditional promises to give, which are expected to be received in future years, are recorded at the present value of their estimated future cash flows 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 Accounting Standards Codification ("ASC") Topic 820. Discount rates are based on market participants and range from 2.08% to 3.20%.

In 2016 and 2015, contributions received in prior years totaling \$117,260 and \$50,413, respectively, were returned to donors either because the Foundation could not implement the purpose for which the contribution was originally received or residual funds existed on closed grants/projects.

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, 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 1.83% to 2.39%. All unexpended grants at December 31, 2016 and 2015 are payable within a year.

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 2016 and 2015, grant recoveries and adjustments and the corresponding grants payable balances were recorded in the amounts of \$24,079 and \$0, respectively, due to grant closings and modifications. Additionally, as of December 31, 2016 and 2015, grant recoveries and adjustments were recorded related to closed grants with pending refunds in the amounts of \$858,599 and \$643,748, respectively. As of December 31, 2016 and 2015, unexpended grants on the statements of the Financial Position includes approximately \$120,000 and \$0, respectively for grants payables with expired terms or immediate future projected payments.

United Nations Foundation, Inc.
Notes to the Financial Statements
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Government Grants

UNF receives various grants from Federal Government agencies for the purpose of furthering its mission in the areas of women and population, the environment, and children's health. Grants are recognized as support and the related project costs are recorded as expenses when services related to grants are incurred. Grants receivable in the amount of \$805,688 are included in Accounts Receivable – Other in the Statements of Financial Position. Grant income is included in Government Grants in the Statements of Activities.

Gifts in Kind

Gifts in kind are recorded at estimated fair value at the date the donation is received and are included in the Statements of Activities.

Donated Services

UNF recognizes donations of services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These donated services are recorded at estimated fair value on the date the service is provided. There were no donated services for the years ended December 31, 2016 and 2015, respectively. Donated services are included in the Statements of Activities.

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 2016 and 2015. 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. Interest receivable from UN agencies in the amounts of \$110,167 and \$34,313 for the years ended December 31, 2016 and 2015, respectively, is included in Accounts Receivable - Other in the Statements of Financial Position.

Foreign Currency

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

Income Taxes

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

FASB's guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as "more likely than not" that the position is sustainable, based on its technical merits. This guidance also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. There was no impact on UNF's financial statements during the years ended December 31, 2016 and 2015 resulting from this guidance.

United Nations Foundation, Inc.
Notes to the Financial Statements
December 31, 2016 and 2015

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.

Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation.

Recently Issued Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share* (or its Equivalent), ("ASU 2015-07"). ASU 2015-07 removes the requirement to categorize, within the fair value hierarchy investments for which fair values are measured using the net asset value practical expedient ("NAV practical expedient"), and also removes the requirements to make certain disclosures for investments that are eligible to be measured at fair value using NAV practical expedient. A reporting entity must still disclose the amount of investments measured using the NAV practical expedient in order to permit reconciliation of the fair value of investments in the hierarchy to the corresponding line items in the balance sheet. ASU 2015-07 is effective for the Foundation's fiscal years beginning after December 15, 2016 with retrospective application to all periods presented. Early application is permitted. The Foundation early adopted ASU No. 2015-07 and the adoption did not affect the Foundation's financial condition, results of operation, or cash flow.

In May 2014, the FASB issued a standard on "*Revenue from Contracts with Customers*". This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2018. The Foundation is evaluating the impact this will have on the financial statements.

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, 2019 for private companies, and early adoption is permitted. The Foundation is in process of assessing the impact of the adoption of ASU 2016-02 on the financial statements.

3. Fair Value Measurements

FASB's guidance on the 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 applied only to entire instruments and not to portions thereof.

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 Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in this category included listed equities and listed mutual funds.
- Level 2 Pricing inputs including market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. Investments which are generally included in this category include less liquid and restricted equity securities and fixed income securities.
- Level 3 Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation. The foundation does not hold level 3 assets or liabilities as of December 31, 2016.

An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment on the part of the Foundation. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the perceived risk of that investment.

Some of the Foundation's investments may be illiquid and the Foundation may not be able to vary the portfolio in response to changes in economic and other conditions. Some of the investments that are purchased and sold are traded in private, unregistered transactions and are therefore subject to restrictions on resale or otherwise have no established trading market. In addition, if the Foundation is required to liquidate all or a portion of its portfolio quickly, the Foundation may realize significantly less than the value at which it previously recorded those investments.

United Nations Foundation, Inc.
Notes to the Financial Statements
December 31, 2016 and 2015

The following tables present the financial investments in which UNF invests. The following investments are carried at fair value as of December 31, 2016 and 2015, by the fair valuation hierarchy defined above:

	Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs Level 2)	Unobservable Inputs (Level 3)	Fair Value at December 31, 2016
Investments				
Cash equivalents	\$ 343,142	\$ -	\$ -	\$ 343,142
Equity	16,883,007			16,883,007
Mutual fund				
Domestic large cap equities	6,790,122			6,790,122
Mutual fund				
Domestic small cap equities				-
Fixed income	8,689,983			8,689,983
International equity	-	-	-	-
Total	32,706,254	-	-	32,706,254
Alternative investments *				
measured under the				
NAV-practical expedient				144,493,633
Total investments	32,706,254	-	-	177,199,887
Total assets at fair value	\$ 32,706,254	\$ -	\$ -	\$ 177,199,887

* In the Alternative investments measured under the NAV-practical expedient line, the following investments are included:
International equities, hedged equity funds, absolute return, and global fixed income.

United Nations Foundation, Inc.
Notes to the Financial Statements
December 31, 2016 and 2015

	Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs Level 2)	Unobservable Inputs (Level 3)	Fair Value at December 31, 2015
Investments				
Cash equivalents	\$ 492,537	\$ -	\$ -	\$ 492,537
Equity	17,910,611	-	-	17,910,611
Mutual fund				
Domestic large cap equities	11,624,714		-	11,624,714
Mutual fund				
Domestic small cap equities	-	-	-	-
Fixed income	9,411,998	-	-	9,411,998
International equity	4,032,557	-	-	4,032,557
Total	43,472,417	-	-	43,472,417
Alternative investments * measured under the NAV-practical expedient				153,295,850
Total investments	43,472,417	-	-	196,768,267
Total assets at fair value	\$ 43,472,417	\$ -	\$ -	\$ 196,768,267

* In the Alternative investments measured under the NAV-practical expedient line, the following investments are included:
International equities, hedged equity funds, absolute return, and global fixed income.

In general, for Level 2 investments and alternative investments measured under NAV practical expedient, the Foundation utilizes the investment manager of the asset to provide a valuation estimate based on techniques discussed later and processes which have been reviewed for propriety and consistency with consideration given to asset type and investment strategy. In addition, the Foundation may also use established processes for determining the fair value of such securities which reflect the Foundation's own assumptions to value the assets as well. Management makes best estimates based on the information available. The following estimates and assumptions were used to determine the fair value of each class of financial instruments listed above:

Cash Equivalents

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

Equity Investments

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

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Publicly-Traded Securities

These investments are equity-focused funds with common and preferred stock of both domestic and international companies. The publicly-traded equity investments include domestic large and small cap equities mutual funds, separately managed accounts, and alternative investments focused on international equity in the Asia ex Japan, Europe and emerging markets regions. The mutual funds exist in an active market and are classified as Level 1. The underlying securities of the separately managed accounts are all classified as Level 1.

Privately-Held Securities

These equity investments include alternative investments with strategies focused on the Asia ex Japan region, Europe, Australasia, and Far East region, and hedged equity. 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. 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. The fair values of these investments have been estimated using the net asset value (NAV) per share or UNF's percentage of ownership interest (collectively "NAV practical expedient").

Fixed Income

The Foundation's fixed income investments include a fixed income mutual fund and a global fixed income arbitrage limited partnership. As a publicly traded vehicle, the mutual fund is categorized as Level 1. The limited partnership, with limited transparency in all underlying investments and significant unobservable pricing inputs, is categorized as investments measured under NAV practical expedient.

Absolute Return

Absolute Return investments include but are not limited to separately held accounts in investment funds and limited partnership holdings. These assets are comprised of global multi-strategy and credit and event-driven investments. All Absolute Return investments are categorized as investments measured under NAV practical expedient due to the limited transparency in all underlying investments and significant unobservable pricing inputs.

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For alternative investments such as limited partnerships, private equity and hedge funds, management uses the practical expedient to determine the fair value of these alternative investments, which permits that use of the NAV practical expedient without adjustment under certain circumstances. Management reviews the valuation policies of managers, reviews financial reports, and performs other due diligence as applicable and needed to obtain an understanding of the valuation processes used by the third party.

Investments valued using NAV as of December 31, 2016 are as follows:

Investment	December 31, 2016		Redemption Frequency (If Currently Eligible)	Redemption Notice Period
	Fair Value	Unfunded Commitments		
Alternative investments				
Commingled Equity	\$ 27,261,031	\$ -	Monthly	30 days
International equity	4,563,675		Quarterly	30 days
Asia ex Japan	7,667,604		Monthly	30 days
Europe, Australasia, Far East	4,395,609		Monthly	10 days
Global	20,177,339		Quarterly	30 days
Hedged equity				
Long/short equity	-		Quarterly	90 days
Long/short equity	7,141,200		Annually	60 days
Long/short equity	6,868,363		Tri-annually	60 days
Long/short equity	8,845,533		1/5 quarterly 4/5 tri-annually 4/5 tri-annually	30 days
Long/short equity	5,404,710		Monthly	30 days
Long/short equity	5,965,842		Quarterly starting in April 2015	45 days
Long/short equity	3,569,576		Quarterly	45 days
Absolute return				
Global multi-strategy	4,063,482		Quarterly	60 days
Global multi-strategy	9,259,125		Quarterly	65 days
Global multi-strategy	5,174,830	3,265	1/3 annually	65 days
Global multi-strategy	6,993,636		Semi-annually	60 days
Credit and event-driven	9,526,088		1/4 quarterly	65 days
Credit and event-driven	3,288,080		Monthly	90 days
Global fixed income				
Arbitrage	4,327,910		1/3 annually	90 days
	<u>\$ 144,493,633</u>	<u>\$ 3,265</u>		

There was \$3,265 and \$15,414 in unfunded commitments related to investments held by UNF as of December 31, 2016 and 2015, respectively.

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The fair value and cost of investments in which UNF invests at December 31, 2016 and 2015 were as follows:

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 343,142	\$ 343,142	\$ 492,537	\$ 492,537
Equity	16,883,007	15,753,752	17,910,612	17,086,735
Mutual fund				
Domestic large cap equities	6,790,122	6,060,489	11,624,714	9,565,853
Domestic small cap equities	-	-	-	-
Fixed income	8,689,983	8,906,562	9,411,998	10,148,232
International equity	-	-	4,032,557	4,891,124
Alternative investments				
International equity				
Asia ex Japan	12,231,279	10,250,000	11,990,733	10,250,000
Europe, Australasia, Far East	4,395,609	4,222,374	4,550,711	4,136,541
Global	20,177,339	13,500,000	18,384,779	13,500,000
Hedged equity funds				
Long/short equity	37,795,224	29,824,960	43,870,391	33,070,610
Commingled equity	27,261,031	26,239,183	25,113,991	25,563,875
Absolute return				
Global multi-strategy	25,491,073	23,118,363	27,301,831	24,000,000
Credit and event-driven	12,814,168	9,718,241	15,415,531	12,000,000
Global fixed income				
Arbitrage	4,327,910	3,325,477	6,667,882	5,000,035
	<u>\$ 177,199,887</u>	<u>\$ 151,262,543</u>	<u>\$ 196,768,267</u>	<u>\$ 169,705,542</u>

4. Contributions Receivable

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

	2016	2015
Less than one year	\$ 49,952,042	\$ 48,118,239
One year to five years	<u>26,597,510</u>	<u>47,527,225</u>
	76,549,552	95,645,464
Less: Discount to net present value	<u>(810,440)</u>	<u>(1,266,402)</u>
Total contributions receivable, net	<u>\$ 75,739,112</u>	<u>\$ 94,379,062</u>

Net contributions receivable as of December 31, 2016 included amounts of approximately \$28.5 million, \$14 million, \$10.8 million, \$10 million, \$2.5 million and \$2 million from six donors. Net contributions receivable as of December 31, 2015 included amounts of approximately \$28.7 million, \$22.7 million, \$20 million, \$13.9 million, \$3 million and \$2 million, from six donors. Management has assessed the collectability of receivables and based on that assessment has determined that there is no need for an allowance for the years ended December 31, 2016 and 2015.

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Contributions receivable which are expected to be received in future years are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to any other similar non-profit organizations. Discount rates are based on market participants and range from 1.83% to 3.20%.

5. Property and Equipment

Property and equipment consisted of the following at December 31:

	2016	2015
Land	\$ 138,175	\$ 138,175
Leasehold improvements	8,792,617	8,539,777
Equipment	434,551	270,829
Furniture and fixtures	<u>2,997,002</u>	<u>3,160,724</u>
	12,362,345	12,109,505
Less: Accumulated depreciation	<u>(3,285,399)</u>	<u>(2,202,491)</u>
Total property and equipment, net	<u>\$ 9,076,946</u>	<u>\$ 9,907,014</u>

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6. Leases

UNF leases office space and equipment under operating leases expiring at various dates through December 31, 2028. The office leases are subject to annual escalation amounts as set forth in the lease agreements. Rent expense of \$4,966,338 and \$4,774,171 was recognized for the years ended December 31, 2016 and 2015, respectively, on a straight-line basis. The following is a schedule of anticipated future minimum rental payments as of December 31, 2016, pursuant to lease agreements:

Year Ending December 31,	
2017	\$ 5,240,048
2018	5,366,396
2019	5,598,996
2020	5,738,767
2021	5,891,806
Thereafter	41,912,689
	<u>\$ 69,748,702</u>

7. Temporarily Restricted Net Assets

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

	2016	2015
Children's health	\$ 58,054,979	\$ 61,205,302
Women and population	\$ 23,087,710	23,132,306
Environment	\$ 16,063,848	25,224,270
Other	\$ 11,005,406	4,819,453
Malaria	\$ 1,720,240	2,562,812
Global AIDS fund	\$ 122,092	1,047,331
Disaster relief	\$ -	138,236
	<u>\$ 110,054,275</u>	<u>\$ 118,129,710</u>

Other temporarily restricted net assets principally include projects such as UN Strengthening, and Peace, Security and Human Rights.

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8. Release of Temporarily Restricted Net Assets

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

	2016	2015
Children's health	\$ 34,960,583	\$ 49,612,528
Environment	\$ 13,651,282	16,337,036
Other	\$ 14,278,061	7,811,070
Women and population	\$ 12,768,830	15,333,195
Malaria	\$ 1,275,217	788,148
Global AIDS fund	\$ 1,270,057	2,957,964
Disaster relief	\$ -	149,755
	<u>\$ 78,204,030</u>	<u>\$ 92,989,696</u>

9. Employee Benefits

Effective January 2, 2002, UNF established a 403(b) plan for all UNF employees, which replaced the former 401(k) plan. UNF provides a 150% match of all employee contributions up to 4% of the employee's salary, which results in a maximum employer contribution of 6% of the employee's salary. For the years ended December 31, 2016 and 2015, UNF contributed under this plan in the amount of \$1,227,680 and \$1,317,374, respectively.

10. Related Parties

Relationship With United Nations

On February 2, 1998, UNF and the UN entered into a Relationship Agreement whereby the UN and UNF agreed to work together to achieve the goals and objectives of the Charter of the United Nations through the implementation of innovative, forward-looking and proactive projects and activities that make contributions to the collective future and well-being of the planet. UNF will assist the UN by providing grants to the UN to assist in its goals and objectives, undertake fundraising efforts to support UN's projects and activities, and engage in or provide support to activities designed to increase public awareness and support for the UN. The UN set up the United Nations Fund for International Partnerships ("UNFIP"), under the control of the Secretary General of the United Nations, to receive grants exclusively from UNF. UNFIP provides a central administrative vehicle within the UN for working with UNF to identify and select projects and activities, receive and distribute funds for such projects and activities, and monitor and report on the use of such funds. UNFIP is required to be administered in accordance with the Financial Regulations and Rules of the UN. During 2016 and 2015, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities and Changes in Net Assets were \$28,226,475 and \$43,747,632, respectively. Included in the grants unconditionally approved to UNFIP during 2016 and 2015 are administrative and project fees of \$1,444,000 and \$750,000, respectively. At December 31, 2016 and 2015 there were \$120,000 and \$0 in unexpended grants, respectively.

Contribution

Contributions in the amount of \$0 and \$0 were received through the donation of cash from Ted Turner, Chairman of UNF Board of Directors, for the years ended December 31, 2016 and 2015,

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respectively. For the year ended December 31, 2016 and 2015, \$0 and \$500,000, respectively, was received from the Turner Foundation, a related party. For the years ended December 31, 2016 and 2015, respectively, there were no donations of cash from the BWF.

Grants

UNF approved grants totaling \$27,371,003 and \$48,316,704 to affiliated organizations during 2016 and 2015, respectively. At December 31, 2016 unexpended grants in the Statements of Financial Position included \$120,000 payable to affiliated organizations. At December 31, 2015 unexpended grants in the Statements of Financial Position included \$238,261 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 2016 and 2015, \$1,618,643 and \$1,696,873, respectively, of such cost was incurred and allocated by UNF to BWF and was recorded by UNF as "Due from an Affiliate." The allocation ratio of the operating expenses between UNF and BWF were 87%:13% for the years ended December 31, 2016 and 2015. At December 31, 2016 and 2015, \$391,769 and \$455,143, respectively, were receivable by UNF from BWF and included in "Due from an Affiliate" in the Statements of Financial Position.

11. Subsequent Events

UNF has performed an evaluation of subsequent events through May 26, 2017, which is the date the financial statements were available to be issued, noting no additional events which would affect the financial statements as of December 31, 2016.

Supplemental Schedule

United Nations Foundation, Inc.
Schedule of Functional Expenses
Years Ended December 31, 2016 and 2015

	Program Services					Supporting Services				
	Children's Health	Environment	Women & Population	UN Strengthening	Total Program Services	General & Administrative	Fund- Raising	Total Supporting Services	2016 Total Expenses	2015 Total Expenses
Personnel expenses	\$ 8,903,980	\$ 4,058,337	\$ 5,104,658	\$ 3,488,705	\$ 21,555,680	\$ 3,564,344	\$ 2,425,915	\$ 5,990,259	\$ 27,545,939	\$ 27,115,197
Professional fees	7,652,418	5,849,994	2,216,181	4,604,854	20,323,447	2,103,893	1,943,924	4,047,817	24,371,264	31,983,958
Occupancy	1,585,782	33,787	337,587	620,244	2,577,400	1,580,957	959,391	2,540,348	5,117,748	5,051,390
Information technology	34,542	2,748	16,232	6,035	59,557	21,640	6,367	28,007	87,564	55,669
Communications	137,921	38,903	75,368	52,696	304,888	65,641	45,982	111,623	416,511	552,957
Postage and delivery	24,557	10,077	23,832	17,427	75,893	11,649	10,861	22,510	98,403	89,533
Printing and reproduction	40,454	17,791	45,585	34,581	138,411	8,693	10,567	19,260	157,671	331,068
Insurance	51,971	1,391	10,054	22,784	86,200	51,946	29,790	81,736	167,936	157,496
Travel	1,314,607	507,112	758,617	1,003,847	3,584,183	342,816	297,680	640,496	4,224,679	5,503,856
Other operating	1,432,738	207,521	491,415	851,132	2,982,806	711,036	431,679	1,142,715	4,125,521	5,411,771
Grant expense	31,891,854	389,568	5,971,558	12,474,403	50,727,383	-	-	-	50,727,383	63,210,163
Total expenses	\$ 53,070,824	\$ 11,117,229	\$ 15,051,087	\$ 23,176,708	\$ 102,415,848	\$ 8,462,615	\$ 6,162,156	\$ 14,624,771	\$ 117,040,619	\$ 139,463,058