

United Nations Foundation, Inc.

**Financial Statements
December 31, 2020 and 2019**

United Nations Foundation, Inc.

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December 31, 2020 and 2019

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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 United Nations Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, of functional expenses and of cash flows for the years then ended.

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 Foundation'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 Foundation'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 United Nations Foundation, Inc. as of December 31, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

June 4, 2021

United Nations Foundation, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 83,553,215	\$ 40,386,641
Investments	193,707,536	187,102,388
Accounts receivable	773,463	5,375,204
Contributions receivable, net	90,456,938	93,789,363
Prepaid expenses and deposits	1,497,354	1,317,141
Related party receivable, net	1,035,796	2,293,705
Property and equipment, net	4,762,390	5,813,017
Total assets	<u>\$ 375,786,692</u>	<u>\$ 336,077,459</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	7,624,529	4,626,798
Deferred government grants	-	15,149
Unexpended grants, net	-	36,000
Deferred rent and landlord allowance	13,332,769	14,249,330
Total liabilities	<u>20,957,298</u>	<u>18,927,277</u>
Net assets		
Net assets without donor restrictions	219,316,510	191,424,914
Net assets with donor restrictions	135,512,884	125,725,268
Total net assets	<u>354,829,394</u>	<u>317,150,182</u>
Total liabilities and net assets	<u>\$ 375,786,692</u>	<u>\$ 336,077,459</u>

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

United Nations Foundation, Inc.
Statements of Activities
For the Year Ended December 31, 2020, and 2019

	2020	2019
Change in net assets without donor restrictions		
Revenues		
Contributions	\$ 18,786,085	\$ 13,159,367
Government grants	833,368	2,715,316
Investment return, net	33,493,682	33,326,886
Other sources of income	2,064,719	2,587,993
Total without donor restriction revenues and other changes	55,177,854	51,789,562
Net assets released from restriction	253,010,021	63,061,411
Total without donor restriction revenues and other support	308,187,875	114,850,973
Expenses		
Program services	268,149,001	79,934,788
General and administrative	7,503,546	8,413,543
Fundraising	4,643,732	5,063,430
Total expenses	280,296,279	93,411,761
Change in net assets without donor restrictions	27,891,596	21,439,212
Net assets without donor restrictions		
Beginning of year	191,424,914	169,985,702
End of year	219,316,510	191,424,914
Change in net assets with donor restrictions		
Contributions	261,055,539	101,492,684
Grant recoveries and other adjustments	593,923	374,073
Net realized and unrealized foreign currency exchange gain	1,148,175	1,867,536
Net assets released from restriction	(253,010,021)	(63,061,411)
Change in net assets with donor restrictions	9,787,616	40,672,882
Net assets with donor restrictions		
Beginning of year	125,725,268	85,052,386
End of year	135,512,884	125,725,268
Change in net assets	37,679,212	62,112,094
Net assets		
Beginning of year	317,150,182	255,038,088
End of year	\$ 354,829,394	\$ 317,150,182

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

United Nations Foundation, Inc.
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	Program Services						Supporting Services			2020 Total Expenses
	Advocacy	Children's Health	Environment	Women & Population	UN Strengthening	Total Program Services	General & Administrative	Fund- Raising	Total Supporting Services	
Personnel expenses	\$ 2,027	\$ 14,564,561	\$ 5,659,502	\$ 8,261,812	\$ 1,393,530	\$ 29,881,433	\$ 3,083,605	\$ 2,193,028	\$ 5,276,632	\$ 35,158,065
Professional fees	549	7,268,657	5,025,272	3,191,485	3,402,889	18,888,853	1,285,925	783,787	2,069,712	20,958,565
Occupancy	1,180	2,430,523	283,350	188,618	94,560	2,998,231	1,665,758	1,107,587	2,773,345	5,771,576
Information technology	33	113,730	9,825	47,671	12,535	183,793	122,875	11,434	134,310	318,103
Communications	22	70,376	14,897	26,882	14,806	126,984	88,676	13,562	102,238	229,221
Postage and delivery	6	39,318	1,370	6,965	712	48,371	14,695	24,299	38,994	87,364
Printing and reproduction	2	32,462	2,861	9,399	-	44,724	3,288	25,218	28,506	73,231
Insurance	25	51,112	3,889	2,101	5,803	62,930	76,907	15,334	92,241	155,171
Travel	10	194,638	70,673	296,764	126,581	688,665	23,662	33,137	56,798	745,463
Other operating	520	1,496,951	181,558	678,647	298,977	2,656,653	1,138,156	436,346	1,574,502	4,231,155
Grant expense	90,569	183,810,332	14,002,509	7,404,535	7,260,419	212,568,364	-	-	-	212,568,364
Total expenses	\$ 94,942	\$ 210,072,662	\$ 25,255,707	\$ 20,114,879	\$ 12,610,812	\$ 268,149,001	\$ 7,503,546	\$ 4,643,732	\$ 12,147,278	\$ 280,296,279

	Program Services						Supporting Services			2019 Total Expenses
	Advocacy	Children's Health	Environment	Women & Population	UN Strengthening	Total Program Services	General & Administrative	Fund- Raising	Total Supporting Services	
Personnel expenses	\$ 379,270	\$ 11,496,691	\$ 5,130,631	\$ 9,040,009	\$ 3,302,875	\$ 29,349,476	\$ 3,959,359	\$ 2,306,301	\$ 6,265,660	\$ 35,615,136
Professional fees	93,970	6,288,563	3,983,498	3,103,424	2,367,919	15,837,374	1,544,870	809,897	2,354,767	18,192,141
Occupancy	210,573	678,563	401,479	698,953	967,402	2,956,970	1,664,281	1,086,586	2,750,867	5,707,837
Information technology	1,071	120,674	8,885	9,730	5,278	145,638	20,855	1,345	22,200	167,838
Communications	4,440	35,643	24,291	40,125	78,651	183,150	71,094	18,873	89,967	273,117
Postage and delivery	1,135	10,906	7,664	15,137	8,091	42,933	13,566	6,441	20,007	62,940
Printing and reproduction	1,468	36,034	11,481	79,565	77,770	206,318	20,399	13,649	34,048	240,366
Insurance	8,922	27,341	12,787	25,869	44,673	119,592	71,503	46,228	117,731	237,323
Travel	35,443	1,155,314	770,207	1,416,038	739,690	4,116,692	174,535	200,253	374,788	4,491,480
Other operating	78,951	1,917,578	632,326	1,836,208	1,217,095	5,682,158	873,081	573,857	1,446,938	7,129,096
Grant expense	1,645,672	4,973,231	2,346,209	4,769,901	7,559,474	21,294,487	-	-	-	21,294,487
Total expenses	\$ 2,460,915	\$ 26,740,538	\$ 13,329,458	\$ 21,034,959	\$ 16,368,918	\$ 79,934,788	\$ 8,413,543	\$ 5,063,430	\$ 13,476,973	\$ 93,411,761

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

United Nations Foundation, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$37,679,212	\$62,112,094
Adjustments to reconcile change in net assets to net cash		
Used in operating activities		
Depreciation	1,050,627	969,118
Write-offs	413,765	1,719,680
Amortization of discount for contributions receivable	(1,074,509)	936,215
Accretion of landlord allowance	(631,836)	(631,836)
Noncash contribution received	(708,389)	(163,004)
Proceeds from sale of donated securities	708,389	163,004
Net realized and unrealized gain on investments	(33,469,307)	(32,880,418)
Net realized and unrealized foreign currency exchange gain	(1,148,175)	(1,867,536)
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	4,601,741	(4,627,348)
Decrease (increase) in contributions receivable	5,141,344	(44,017,414)
Increase in prepaid expenses and deposits	(180,213)	(1,110,695)
Decrease (increase) in related party receivable	1,257,909	(2,372,539)
Increase (decrease) in accounts payable and accrued expenses	2,997,731	(66,782)
Decrease in deferred grant revenue	(15,149)	(200,682)
Decrease in unexpended grants	(36,000)	(1,727,784)
Decrease in deferred rent	(284,725)	(155,386)
Net cash provided by (used in) operating activities	<u>16,302,415</u>	<u>(23,921,313)</u>
Cash flows from investing activities		
Purchase of investments	(502,892)	(7,986,899)
Proceeds from the sale of investments	27,367,051	24,686,017
Proceeds from sale of property and equipment	-	11,424
Net cash provided by investing activities	<u>26,864,159</u>	<u>16,710,542</u>
Change in cash and cash equivalents	43,166,574	(7,210,771)
Cash and cash equivalents		
Beginning of year	<u>40,386,641</u>	<u>47,597,412</u>
End of year	<u>\$83,553,215</u>	<u>\$40,386,641</u>
Supplemental information		
Donated securities	\$ 708,389	\$ 163,004

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

United Nations Foundation, Inc.

Notes to the Financial Statements

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 ("GAAP").

Cash and Cash Equivalents

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

Liquidity and Availability

The Foundation regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available cash. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As of December 31, 2020, the financial assets available within one year to meet general expenditures were as follows:

Cash and cash equivalents	\$ 83,553,215
Investments	193,707,536
Accounts receivable	773,463
	<u>\$ 278,034,214</u>

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested as described in Note 3.

Investments and investment return

Investments are measured at fair value in the Statement of Financial Position based on the methodology described in Note 3. The Foundation carries its investments at fair value to the extent that market quotations are readily available and reliable. To the extent that market quotations are not available or are considered to be unreliable, fair value is 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

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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.

Investment return, net (consisting of realized and unrealized gains and losses on investments, interest and dividends) are included in the change in net assets without donor restriction unless the income is restricted by donors. 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.

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 three to seven years or the remaining life of the lease, whichever is shorter. Improvements to property and equipment that substantially extend the useful life of the asset are capitalized. 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, 2020 and 2019.

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). Total deposits maintained at these institutions at times exceeded the amount insured by federal agencies and therefore, bear a risk of loss. UNF has not experienced any losses on these funds.

Landlord Allowance

As an incentive for entering into the lease agreement for its 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

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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, 2020, and 2019, \$13,332,769 and \$14,249,330, respectively, is included in deferred rent and landlord allowance on the Statements of Financial Position.

Classification of Net Assets

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those whose use by UNF is not subject to any donor-imposed stipulations. Net assets without donor restrictions generally result from contributions without donor restrictions, unrealized and realized gains and losses, and interest from investing net assets without donor restrictions in income-producing assets, less 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 net assets without donor restrictions of UNF. The board is free to designate certain portions of its funds for certain activities; however, these are included among net assets without restrictions since they are not bound by restrictions imposed by a donor. As of December 31, 2020, and 2019, no UNF net assets without donor restrictions 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, 2020 and 2019, the board-designated balance was approximately \$193.7 million and \$187.1 million, respectively.

Net Assets with Donor Restrictions

Net assets with donor restrictions are those whose use by UNF is subject to explicit 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, these net assets are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restriction.

Contributions

UNF recognizes unconditional promises to give at fair value in the period received or promised, whichever is earlier. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received, and conditions have been met. All contributions are without donor restrictions unless specifically restricted by the donor. Contributions are reported as donor restricted if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a purpose restriction is accomplished, or a stipulated time restriction end. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions in the Statements of Activities as net assets released from restrictions.

Unconditional promises to give, which are expected to be received in future years, are recorded at the present value of their estimated future cash flows, net of an applicable reserve for collectability. Discount rates used are equal to the borrowing rates from a local banking institution which would be extended to any other similar non-profit organization. In 2020 and 2019, there were no contributions received in prior years, respectively, that 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.

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Notes to the Financial Statements

COVID-19 Solidarity Response Fund

In March 2020, UNF entered into a fiduciary agreement with the World Health Organization (“WHO”) to manage contributions to the COVID-19 Solidarity Response Fund (“COVID-19 Fund”). These resources were rapidly deployed to provide pieces of personal protective equipment and medical supplies, and critical support to the WHO’s efforts to prevent, detect and respond to the pandemic around the world. Contributions to the COVID-19 Fund totaled \$186.5 million through December 31, 2020. The COVID-19 Fund was concluded in March 2021. The Foundation received additional contributions to the COVID-19 Fund of \$2.2 million from January 1, 2021 through March 2021.

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. The Foundation has determined that there is not exchange back to the granting authority. Therefore, the Foundation accounts for these grants under the contribution model, which is outside the scope of Topic 606.

The Foundation receives contributions in the form of conditional government grants. The grants are carried out for program related activities that benefit the general public, and not for the government’s own use. The grants are considered conditional due to the requirement of spending the awarded funds on qualifying expenses and a right of return exists for unexpended funds. The grants are reimbursed after the expenses have been incurred. As of December 31, 2020, the Foundation had no conditional contributions for which the condition had not been met. Total support from government grants for the years ended December 31, 2020 and 2019 was \$833,368 and \$2,715,316 respectively. Government grants receivable of \$322,004 and \$748,585 as of December 31, 2020 and 2019, respectively, are included in Accounts receivable in the Statements of Financial Position. Grant income is included in Government Grants in the Statements of Activities.

In addition, as of December 31, 2020 and 2019, the Foundation had remaining available award balances on federal and private conditional grants and contracts for sponsored projects of \$1.2million and \$1.2 million respectively. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Grants

UNF makes grants in support of four program priorities established by the board of directors. The amount 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 2020 and 2019, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities were \$11,264,345 and \$10,165,452, respectively. Included in the grants

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unconditionally approved to UNFIP during 2020 and 2019 are administrative and project fees of \$1,500,000 and \$750,000, respectively. At December 31, 2020 and 2019, there were \$0 in unexpended grants for each year.

UNF approved grants totaling \$139,667,106 and \$4,118,177 to affiliated organizations during 2020 and 2019, respectively. At December 31, 2020 and 2019, there were no unexpended payable to affiliated organizations.

Other sources of income

Other sources of income consist primarily of rental income, membership dues and assessments, earned income (project services provided by UNF), and miscellaneous income. Revenue for services listed below that are subject to Topic 606 are recorded in the period in which the services are performed.

	2020	2019
Rental income	\$ 502,994	\$ 483,648
Membership dues and assessments	520,092	463,440
Earned income	934,437	1,498,135
Miscellaneous income	107,196	142,770
Total other sources of income	<u>\$ 2,064,719</u>	<u>\$ 2,587,993</u>

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, 2020 and 2019, respectively.

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.

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Notes to the Financial Statements

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, 2020 and 2019 resulting from this guidance.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates and assumptions are used for, but not limited to the functional allocation of expenses, fair value of certain investments, grants payable and contributions receivable. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

As of December 31, 2020, the Foundation adopted ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The updated guidance eliminates the requirement for entities other than nonpublic entities to disclose the reasons for and amounts of transfers between Level 1 and Level 2 for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis. There was not a material impact to the financial statements as a result of adopting this ASU.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*". ASU 2016-02 will require organizations that lease assets - referred to as "lessees" - to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The accounting by organizations that own the assets leased by the lessee - also known as lessor accounting - will remain largely unchanged from current Generally Accepted Accounting Principles (Topic 840 in the Accounting Standards Codification). The guidance is effective for fiscal years beginning after December 15, 2021 for private companies, and early adoption is permitted. The Foundation is in process of assessing the impact of the adoption of ASU 2016-02 on the financial statements beginning in fiscal year 2022.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The current standard delays the recognition of a credit loss on a financial asset until the loss is probable of occurring. The new standard removes the requirement that a credit loss be probable of occurring for it to be recognized, and requires entities to use historical experience, current conditions, and reasonable and supportable forecasts to estimate their future expected credit losses. The standard is required to be applied using the modified retrospective approach with a cumulative-effect adjustment to net assets, if any, upon adoption. The Foundation is evaluating the impact of the new guidance to its financial statements and disclosures beginning in 2023.

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Notes to the Financial Statements

3. Investments

The Foundation follows the guidance on fair value measurements, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value standard discusses valuation techniques such as the market approach, cost approach and income approach and establishes a three-tier level hierarchy for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

- | | |
|---------|--|
| Level 1 | Observable inputs such as quoted market prices for identical assets or liabilities in active markets. Level 1 assets include money market funds, equity securities and fixed income mutual funds that are traded in an active exchange market. |
| Level 2 | Observable inputs other than Level 1 such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. |
| Level 3 | Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The inputs into the determination of fair value require significant judgment or estimation. |

An investment's level 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.

Transfers between leveled assets are based on the actual date of the event which caused the transfer. As of December 31, 2020 and 2019, there were no transfers between Levels 1, 2 and 3.

The following tables presents the financial instruments carried at fair value as of December 31, 2020 and 2019, in accordance with the fair valuation hierarchy defined above:

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Notes to the Financial Statements

	Prices in Active Markets for Identical Assets (Level 1)	Fair Value at December 31, 2020
Investments		
Cash equivalents	\$ 396,537	\$ 396,537
Equities securities	35,705,923	35,705,923
Fixed income mutual funds	14,291,352	14,291,352
	<u>50,393,812</u>	<u>50,393,812</u>
Alternative investments *		
Measured under the		
Nav-practical expedient	-	143,313,724
Total investments	<u>50,393,812</u>	<u>143,313,724</u>
Total assets at fair value	<u>\$ 50,393,812</u>	<u>\$ 193,707,536</u>

	Prices in Active Markets for Identical Assets (Level 1)	Fair Value at December 31, 2019
Investments		
Cash equivalents	\$ 321,080	\$ 321,080
Equities securities	24,963,946	24,963,946
Fixed income mutual funds	13,708,876	13,708,876
	<u>38,993,902</u>	<u>38,993,902</u>
Alternative investments *		
Measured under the		
Nav-practical expedient	-	148,108,487
Total investments	<u>38,993,902</u>	<u>148,108,487</u>
Total assets at fair value	<u>\$ 38,993,902</u>	<u>\$ 187,102,388</u>

- * In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share as a practical expedient are not classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Financial Position. The investments in this category include commingled funds, private equity funds and hedged funds with different investing strategies. Refer to subsequent footnote disclosure for detail of each strategy.

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In general, for alternative investments measured under NAV as a 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 consist primarily of money market funds that are highly liquid investments with maturities at date of purchase of three months or less. Cash equivalents are recorded at amortized cost which approximates fair value and are classified as Level 1. These balances are held at the Foundation's custodian and banking institutions for investments purpose.

Equity securities

Equity investments include publicly traded securities that consist primarily of domestic common stocks. Securities actively traded on exchanges are priced using unadjusted market quotes for identical assets and are classified as Level 1. Securities that are traded infrequently or that have comparable traded assets are priced using available quotes and other market data that are observable and are classified as Level 2.

Mutual fund investments

These investments comprise of mutual funds focusing on different strategies. Domestic large cap equity strategy generally holds public common stocks of 20 -30 US companies with large capitalization. Fixed income strategy invests in diversified portfolio of fixed income instruments of varying maturities. These fixed income instruments include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. All these mutual funds are actively traded on exchange and are classified as Level 1.

Alternative Investments Measured at NAV

These investments include alternative investment in commingled funds, private equity funds and hedge funds with different investing strategies. For asset allocation based on geographic strategy, certain funds focused on the Asia ex Japan region, Europe, Australasia, and Far East region international and global securities. Some hedge funds focused on long/short equity strategy that seek to minimize market exposure, while profiting from stock gains in the long positions, along with price declines in the short positions. Absolute return strategy seeks to generate absolute returns and to minimize losses in down markets. Absolute return assets are comprised of global multi-strategy and credit and event-driven investments. Global fixed income arbitrage strategy consists of the discovery and exploitation of inefficiencies in the pricing of bonds yielding a contractually fixed stream of income. All these alternative funds are privately held and trade infrequently and managed by external investment managers. 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.

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For these alternative investments, management uses the Net Asset Value ("NAV") per share or Foundation's percentage of ownership interest as practical expedient to determine the fair value of investments which (a) have the attributes of an investment company or (b) the entity prepares its financial statements consistent with the measurement principles of an investment company. Fair value of each investment valued using NAV as the practical expedient is determined based on management's reviews of the valuation policies of managers, fund's audited financial statements, and review of due diligence as applicable and other information needed to obtain an understanding of the valuation processes used by the third party. Investments in such funds do carry certain risks including lack of regulatory oversight, market risk and interest rate risk.

Investments with different strategy valued using NAV as of December 31, 2020 are as follows:

Investment	<u>December 31, 2020</u> Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alternative investments			
International Equity	275,203	Quarterly	30 days
Asia ex japan	10,624,201	Monthly	30 days
Europe, australasia, far east	10,122,298	Monthly	10 days
Global	41,533,635	Quarterly	30 days
Hedged equity			
Long/short equity	148,790	Annually	60 days
Long/short equity	9,666,435	Tri-annually	60 days
Long/short equity	14,541,756	*1/5 quarterly 4/5 triennial	30 days
Long/short equity	7,743,360	Monthly	30 days
Long/short equity	4,471,061	Monthly	45 days
Long/short equity	8,885,025	Quarterly	45 days
Absolute return			
Global multi-strategy	11,609,760	Quarterly	60 - 65 days
Global multi-strategy	2,881	1/3 annually	65 days
Global multi-strategy	12,605,278	Semi-annually	60 days
Credit and event-driven	11,084,041	1/4 quarterly	65 days
	<u>\$ 143,313,724</u>		

* 20% of UNF's shares have quarterly liquidity. The remaining 80% of shares have liquidity every three years on the anniversary of purchase.

There were no unfunded commitments related to investments held by UNF as of December 31, 2020.

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Notes to the Financial Statements

Investment return, net for the years ended December 31, included in change in net assets without donor restriction section of the Statement of Activities consisted of the following:

	2020	2019
Dividends and interest	\$ 460,985	\$ 123,009
Net unrealized gains on investments	21,984,639	35,280,112
Net realized gains/(loss)	12,080,234	(1,065,537)
Investment fees	(1,032,176)	(1,334,158)
Total investment return, net	<u>\$ 33,493,682</u>	<u>\$ 33,003,426</u>

The composition of investments as of December 31 consisted of the following:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 396,537	\$ 396,537	\$ 321,080	\$ 321,080
Equity	35,703,923	15,447,820	24,963,942	13,961,840
Mutual fund				
Fixed income	14,291,352	13,585,066	13,708,876	13,609,412
Alternative investments				
International equity				
Asia ex japan	10,899,404	5,938,181	8,610,254	4,261,343
Europe, australasia, far east	10,122,298	7,438,852	8,870,393	8,370,324
Global	41,533,635	13,500,000	34,394,837	13,500,000
Hedged equity funds				
Long/short equity	45,456,427	25,785,910	38,626,661	23,338,166
Commingled equity	-	-	24,684,443	17,225,611
Absolute return				
Global multi-strategy	24,217,919	16,001,069	22,759,192	16,012,046
Credit and event-driven	11,086,041	7,681,423	10,162,710	6,999,489
	<u>\$ 193,707,536</u>	<u>\$ 105,774,858</u>	<u>\$ 187,102,388</u>	<u>\$ 117,599,311</u>

4. Contributions Receivable, Net

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

	2020	2019
Less than one year	\$ 54,098,193	\$ 45,500,008
One year to five years	<u>37,468,210</u>	<u>50,498,328</u>
	91,566,403	95,998,336
Less: Discount to net present value	<u>(1,109,465)</u>	<u>(2,208,973)</u>
Total contributions receivable, net	<u>\$ 90,456,938</u>	<u>\$ 93,789,363</u>

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The Foundations top five donors represent \$60.2 million and \$39.0 million of the total net contributions receivable balance as of December 31, 2020 and 2019, respectively. Contributions receivable are recorded at their net realizable value. No allowance was recorded for unfulfilled contributions as of December 31, 2020 and 2019.

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 2.30% to 3.21%.

5. Property and Equipment

Property and equipment consisted of the following at December 31:

	2020	2019
Leasehold improvements	\$ 8,699,325	\$ 8,699,325
Equipment	350,519	434,551
Furniture and fixtures	<u>2,958,725</u>	<u>2,951,306</u>
	12,008,569	12,085,182
Less: Accumulated depreciation	<u>(7,246,179)</u>	<u>(6,272,165)</u>
Total property and equipment, net	<u>\$ 4,762,390</u>	<u>\$ 5,813,017</u>

Depreciation expense was \$1,050,627 and \$969,118 for the years ended December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, UNF disposed of assets totaling \$0 and \$11,424 respectively. For the years ended December 31, 2020 and 2019, there were gains of \$0 and \$11,424, respectively, related to the disposal of assets.

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 \$5,550,255 and \$5,542,473 was recognized for the years ended December 31, 2020 and 2019, respectively, on a straight-line basis. The following is a schedule of future minimum rental payments as of December 31, 2020, pursuant to lease agreements:

Years Ending December 31,	
2021	\$ 5,959,519
2022	6,105,400
2023	6,254,867
2024	6,491,951
2025	6,653,063
Thereafter	<u>21,161,687</u>
	<u>\$ 52,626,487</u>

United Nations Foundation, Inc.

Notes to the Financial Statements

7. Net Assets with Donor Restrictions

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

	2020	2019
Children's health	\$ 58,808,681	\$ 51,189,201
Women and population	19,554,941	25,526,926
Environment	46,399,647	44,113,067
Global aids fund	104,074	113,655
UN Strengthening	10,276,218	4,782,419
	<u>\$ 135,143,561</u>	<u>\$ 125,725,268</u>

Other net assets with donor restrictions principally include projects such as UN Strengthening, and Peace, Security and Human Rights.

8. Release of Net Assets With Donor Restrictions

Net assets with donor restrictions were released from restriction for the following purposes for the years ended December 31:

	2020	2019
Children's health	\$ 23,206,719	\$ 23,351,056
Environment	14,000,920	11,198,043
UN Strengthening	195,968,045	10,440,976
Women and population	19,801,924	18,025,563
Global AIDS fund	32,413	45,773
	<u>\$ 253,010,021</u>	<u>\$ 63,061,411</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, 2020 and 2019, UNF contributed under this plan in the amount of \$1,597,932 and \$1,632,597, 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

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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 2020 and 2019, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities were \$11,264,344.65 and \$10,165,452, respectively. Included in the grants unconditionally approved to UNFIP during 2020 and 2019 are administrative and project fees of \$1,500,000 and \$750,000, respectively. At December 31, 2020 and 2019, there were \$0 in unexpended grants for each year.

Contributions

Contributions from Board Members amount to \$29,970 and \$94,984 for the years ended December 31, 2020 and 2019, respectively.

Grants

UNF approved grants totaling \$139,667,106 and \$4,118,177 to affiliated organizations during 2020 and 2019, respectively. At December 31, 2020 and 2019, there were no unexpended 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 2020 and 2019, \$637,729 and \$658,488, respectively, of such cost was incurred and allocated by UNF to BWF and was recorded by UNF as a related party receivable. The allocation ratio of the operating expenses between UNF and BWF were 95%:5% and 95%:5% for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020, \$1,035,796 was payable to UNF by BWF and is included in related party receivable in the Statements of Financial Position. At December 31, 2019, \$2,293,705 was a payable by UNF to BWF and is included in accounts payable and accrued expenses in the Statements of Financial Position. The components of related party receivable and payable amounts is presented in the following table:

	2020	2019
Related party receivable (due from BWF)	\$ 3,653,816	\$ 4,520,151
Related party payable (due to BWF)	(2,618,021)	(2,226,446)
	<u>\$ 1,035,796</u>	<u>\$ 2,293,705</u>

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11. Functional Expenses Allocation

The primary mission of the United Nations Foundation (UNF) is to support the work of the United Nations to foster a more peaceful, prosperous and just world. In the Statement of Functional Expenses, UNF allocates expenses between program and supporting services. Program expenses relate to goods and services in support of the mission of our organization and relate to the organization's major programs. Supporting expenses are broken down into management and general and fundraising which are not identifiable with a single program but are indispensable to the conduct of our major programs and overall organizational structure. Expenses are allocated on a percentage basis depending upon usage, and these percentages are reviewed annually.

12. Subsequent Events

UNF has performed an evaluation of subsequent events through June 4, 2021, which is the date the financial statements were available to be issued.