

United Nations Foundation, Inc.

**Financial Statements
December 31, 2023 and 2022**

United Nations Foundation, Inc.

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December 31, 2023 and 2022

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Report of Independent Auditors

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

Opinion

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, 2023 and 2022, and the related statements of activities, of functional expenses and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Baltimore, Maryland
August 23, 2024

United Nations Foundation, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 39,453,922	\$ 66,101,563
Investments	176,721,557	143,316,605
Accounts receivable	809,536	967,268
Contributions receivable, net	77,142,490	63,676,079
Prepaid expenses and deposits	188,010	879,911
Related party receivable, net	6,825,798	4,932,080
Property and equipment, net	2,940,675	3,502,416
Right-of-use assets, net	25,052,660	32,034,215
Total assets	<u>\$ 329,134,648</u>	<u>\$ 315,410,137</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	4,971,933	4,933,629
Deferred revenue	13,518,645	-
Lease liabilities	34,741,448	43,087,054
Total liabilities	<u>53,232,026</u>	<u>48,020,683</u>
Net assets		
Net assets without donor restrictions	165,692,941	155,780,815
Net assets with donor restrictions	110,209,681	111,608,639
Total net assets	<u>275,902,622</u>	<u>267,389,454</u>
Total liabilities and net assets	<u>\$ 329,134,648</u>	<u>\$ 315,410,137</u>

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

United Nations Foundation, Inc.
Statements of Activities
Years Ended December 31, 2023, and 2022

	2023	2022
Change in net assets without donor restrictions		
Revenues		
Contributions	\$ 30,542,625	11,393,381
Government grants	2,736,521	1,198,800
Investment return, net	23,799,192	(37,027,976)
Other sources of income	4,812,271	2,481,906
Total support and revenues before net asset release from restrictions	61,890,609	(21,953,889)
Net assets released from restriction	75,223,855	97,866,751
Total support and revenues	137,114,464	75,912,862
Expenses		
Program services	110,016,521	123,438,992
General and administrative	9,104,792	8,237,944
Fundraising	8,081,025	6,266,210
Total expenses	127,202,338	137,943,146
Change in net assets without donor restrictions	9,912,126	(62,030,284)
Net assets without donor restrictions		
Beginning of year	155,780,815	217,811,099
End of year	\$ 165,692,941	\$ 155,780,815
Change in net assets with donor restrictions		
Contributions	\$ 73,514,114	90,511,025
Grant recoveries and other adjustments	20,556	95,020
Net realized and unrealized foreign currency exchange (loss) gain	290,227	(3,122,012)
Net assets released from restriction	(75,223,855)	(97,866,751)
Change in net assets with donor restrictions	(1,398,958)	(10,382,718)
Net assets with donor restrictions		
Beginning of year	111,608,639	121,991,357
End of year	\$ 110,209,681	111,608,639
Change in net assets	8,513,168	(72,413,002)
Net assets		
Beginning of year	267,389,454	339,802,456
End of year	275,902,622	267,389,454

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

United Nations Foundation, Inc.
Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	Program Services						Supporting Services			2023 Total Expenses
	Advocacy	Global Health	Climate, Energy & The Environment	Women & Population	UN Strengthening	Total Program Services	General & Administrative	Fund-Raising	Total Supporting Services	
Personnel expenses	\$ 201,697	\$ 7,556,703	\$ 10,550,654	\$ 9,025,165	\$ 5,293,852	\$ 32,628,071	\$ 4,212,123	\$ 3,458,104	\$ 7,670,227	\$ 40,298,298
Professional fees	202,791	6,678,874	9,819,294	7,215,859	5,559,931	29,476,749	2,193,555	2,501,790	4,695,345	34,172,094
Occupancy	27,894	712,151	672,868	750,616	658,041	2,821,570	1,298,331	1,003,504	2,301,835	5,123,405
Information technology	2,847	78,888	98,313	100,887	95,398	376,333	480,142	3,676	483,818	860,151
Communications	645	40,106	35,983	21,656	36,417	134,807	52,514	8,636	61,150	195,957
Postage and delivery	172	18,668	4,608	6,585	5,166	35,199	9,948	5,590	15,538	50,737
Printing and reproduction	608	43,331	15,014	26,029	24,496	109,478	11,785	9,720	21,505	130,983
Insurance	893	22,819	20,629	24,148	21,069	89,558	40,163	32,190	72,353	161,911
Travel	21,016	764,230	1,363,723	1,065,271	1,123,440	4,337,680	108,726	312,354	421,080	4,758,760
Other operating	55,716	1,646,011	1,521,975	2,555,645	1,461,998	7,241,345	697,505	745,461	1,442,966	8,684,311
Grant expense	327,833	8,343,652	7,571,724	8,789,311	7,733,211	32,765,731	-	-	-	32,765,731
Total expenses	\$ 842,112	\$ 25,905,433	\$ 31,674,785	\$ 29,581,172	\$ 22,013,019	\$ 110,016,521	\$ 9,104,792	\$ 8,081,025	\$ 17,185,817	\$ 127,202,338

	Program Services						Supporting Services			2022 Total Expenses
	Advocacy	Global Health	Climate, Energy & The Environment	Women & Population	UN Strengthening	Total Program Services	General & Administrative	Fund-Raising	Total Supporting Services	
Personnel expenses	\$ 159,884	\$ 12,223,536	\$ 9,603,681	\$ 7,333,601	\$ 2,722,966	\$ 32,043,668	\$ 2,311,666	\$ 2,668,880	\$ 4,980,546	\$ 37,024,214
Professional fees	108,537	7,897,730	7,605,888	4,120,191	2,561,533	22,293,879	1,329,336	1,343,385	2,672,721	24,966,600
Occupancy	61,214	1,166,666	1,136,319	304,078	539,380	3,207,657	1,447,937	1,144,016	2,591,953	5,799,610
Information technology	4,424	101,079	113,115	29,237	48,488	296,343	397,057	2,081	399,138	695,481
Communications	1,533	74,870	41,087	19,120	45,067	181,677	116,630	9,266	125,896	307,573
Postage and delivery	229	30,541	37,199	10,114	3,119	81,202	11,897	4,286	16,183	97,385
Printing and reproduction	423	36,071	10,887	24,218	18,181	89,780	3,188	5,038	8,226	98,006
Insurance	1,854	35,411	40,573	9,244	19,909	106,991	99,827	35,024	134,851	241,842
Travel	15,470	1,040,025	952,556	482,755	345,540	2,836,346	90,556	461,974	552,530	3,388,876
Other operating	23,242	12,004,773	845,044	842,777	313,463	14,029,299	2,429,850	592,260	3,022,110	17,051,409
Grant expense	726,598	13,847,996	12,685,944	3,609,322	17,402,290	48,272,150	-	-	-	48,272,150
Total expenses	\$ 1,103,408	\$ 48,458,698	\$ 33,072,293	\$ 16,784,657	\$ 24,019,936	\$ 123,438,992	\$ 8,237,944	\$ 6,266,210	\$ 14,504,154	\$ 137,943,146

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

United Nations Foundation, Inc.
Statements of Cash Flow
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 8,513,168	\$ (72,413,002)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	595,791	590,116
Write-offs	585,038	12,419,277
Amortization of discount for contributions receivable	(1,077,256)	777,609
Accretion of landlord allowance	-	4,993,088
Noncash contribution received	(4,807,885)	(1,944,242)
Proceeds from sale of donated securities	4,807,885	1,944,242
Net realized and unrealized gain on investments	(23,812,183)	37,857,582
Net realized and unrealized foreign currency exchange loss/(gain)	(290,384)	3,122,012
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	157,732	276,211
(Increase) decrease in contributions receivable	(12,683,809)	(14,678,289)
(Increase) decrease in prepaid expenses and deposits	692,435	(177,213)
Increase in related party receivable	(1,894,253)	(1,808,610)
Change in ROU assets	6,981,555	11,741,024
Decrease in accounts payable and accrued expenses	38,306	(2,226,921)
Increase in refundable advances	13,518,645	
Decrease in deferred rent	-	(12,267,831)
Change in operating lease liabilities	(8,345,607)	(5,681,273)
Net cash used in operating activities	<u>(17,020,822)</u>	<u>(37,476,220)</u>
Cash flows from investing activities		
Purchase of investments	(29,878,626)	(710,512)
Proceeds from the sale of investments	20,285,857	21,027,680
Purchases of property and equipment	(34,050)	-
Net cash provided by investing activities	<u>(9,626,819)</u>	<u>20,317,168</u>
Change in cash and cash equivalents	(26,647,642)	(17,159,052)
Cash and cash equivalents		
Beginning of year	<u>66,101,563</u>	<u>83,260,615</u>
End of year	<u>\$ 39,453,922</u>	<u>\$ 66,101,563</u>
Supplemental information		
Donated securities	\$ 4,807,885	\$ 1,944,242

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

United Nations Foundation, Inc.

Notes to the Financial Statements

December 31, 2023 and 2022

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 five main programs: 1) advocacy 2) global health 3) climate, energy & the environment, 4) girls & women, and 5) UN strengthening.

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, 2023, the financial assets available within one year to meet general expenditures were as follows:

Cash and cash equivalents	\$ 39,453,922
Investments	176,721,557
Accounts receivable	<u>809,536</u>
	<u>\$ 216,985,015</u>

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

United Nations Foundation, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

Investments and investment return

Investments are measured at fair value in the Statements 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 obtained had a ready market for the investments existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. There is no single standard for determining fair value in good faith, as fair value depends upon the circumstances of each individual case. In general, fair value is the amount that the 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 maintenance 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, 2023 and 2022.

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 Depository 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.

United Nations Foundation, Inc.

Notes to the Financial Statements

December 31, 2023 and 2022

Leases

UNF reviews the terms and conditions of contracts at their inception to determine whether they contain or are leases. A lease is defined as a contract or part of a contract that provides UNF a right to use property, plant, or equipment for a period of time in exchange for consideration. Operating lease right-of-use ("ROU") assets are included in "Right of use assets" and corresponding lease liabilities are included in "Right of use liabilities" on the Statements of Financial Position. UNF does not have any lease arrangements that meet the definition of a finance leases.

Operating lease assets and liabilities are recognized for those leases whose lease term as of the contracted commencement date exceeds 12 months. The lease term is defined as the contractual right of use period and includes any extension period that UNF is reasonably certain to exercise. The ROU assets and liabilities are initially recognized at the lease commencement date at the aggregate amount of contracted lease payments, discounted utilizing U.S. Treasury risk free rates. Non-lease components, such as maintenance, are accounted for separately by UNF and are not included in the calculation of operating ROU assets and liabilities. Some of UNF's leases require variable payments that may depend on usage or output, and these variable payments are excluded in the measurement of ROU assets and liabilities.

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 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, 2023 and 2022, \$0 respectively, is included in deferred rent and landlord allowance on the Statements of Financial Position. The zero balance as of December 31, 2023 is a result of the adoption of ASC 842 in 2022.

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, 2023, and 2022, no UNF net assets without donor restrictions have been designated as grant matching funds.

United Nations Foundation, Inc.

Notes to the Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, the board -designated balance was approximately \$146.6 million and \$143.3 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 ends. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions in the Statements of Activities as net assets released from restrictions.

Unconditional promises to give, 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 nonprofit organization. In 2023 and 2022, 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.

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, 2023, the Foundation had \$13,518,644 conditional contributions for which the condition had not been met. Total support from government grants for the years ended December 31, 2023 and 2022 was \$2,736,521 and \$1,198,800, respectively. Government grants receivable of \$374,534 and \$473,627 as of December 31, 2023 and 2022, respectively, are included in accounts receivable in the Statements of Financial Position. Grant income is included in Government Grants in the Statements of Activities.

United Nations Foundation, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

In addition, as of December 31, 2023 and 2022, the Foundation had remaining available award balances on federal and private conditional grants and contracts for sponsored projects of \$13,518,644 and \$16,141,121, respectively. These award balances are not recognized as assets and will be recognized as revenue as the project progresses 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. 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 2023 and 2022, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities were \$16,606,568 and \$27,307,172 respectively. At December 31, 2023 and 2022, there were \$0 in unexpended grants for each year.

UNF disbursed grants totaling \$32,765,731 and \$48,177,396 during 2023 and 2022, respectively. At December 31, 2023 and 2022, there were no unexpended payable to grantees.

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.

	2023	2022
Rental income	\$ 63,990	\$ 544,038
Membership dues and assessments	649,145	364,980
Earned income	4,100,315	1,535,631
Miscellaneous income	(1,179)	37,257
Total other sources of income	<u>\$ 4,812,271</u>	<u>\$ 2,481,906</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. UNF received donated services during the years ended December 31, 2023 and 2022 of \$8,090,000 and \$0, respectively, which are recorded in Contributions within the Statements of Activities.

United Nations Foundation, Inc.
Notes to the Financial Statements
December 31, 2023 and 2022

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. UNF received donated services during the years ended December 31, 2023 and 2022 of \$8,090,000 and \$0, respectively, which are recorded in Contributions within the Statements of Activities.

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, 2023 and 2022 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 Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* and subsequently has issued supplemental and/or clarifying ASUs (collectively "ASC 842"). ASC 842 requires the recognition of all leases, including operating leases, with a term greater than twelve months on the balance sheet and the disclosure of qualitative and quantitative information about leasing arrangements. UNF adopted ASC 842, as amended, effective January 1, 2022. All leases that existed at the effective date were recognized and measured using a modified retrospective approach without restating prior comparative periods. UNF elected the package of practical expedients, which permitted UNF not to reassess prior conclusions about lease identification, lease classification, and classification of initial direct costs. UNF did not elect the use-of-hindsight or the practical expedient pertaining to land easements, the latter not being applicable. On January 1, 2022, UNF recognized operating right of use assets of \$37,003,492, and corresponding operating lease liabilities of \$48,744,516 on its statements of financial position. UNF does not have any finance leases. The recognition represented a material noncash investing activity that affected the amount reported in other changes in asset and liabilities on the statements of cash flows.

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In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosures requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The adoption of this standard in 2022 did not have a significant impact on the UNF financial statements and did not have effect on the change in net assets for either 2022 or 2021.

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. There was no impact on UNF's financial statements during the years ended December 31, 2023 and 2022.

3. Investments

UNF 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 UNF. 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.

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The following tables presents the financial instruments carried at fair value as of December 31, 2023 and 2022, in accordance with the fair valuation hierarchy defined above:

	Prices in Active Markets for Identical Assets (Level 1)	Fair Value at December 31, 2023
Investments		
Cash equivalents	\$ 30,848,372	\$ 30,848,372
Equities securities	29,375,093	29,375,093
Fixed income mutual funds	14,557,842	14,557,842
	<u>74,781,307</u>	<u>74,781,307</u>
Alternative investments *		
Measured under the		
Nav-practical expedient	-	101,940,250
Total investments	<u>74,781,307</u>	<u>176,721,557</u>
Total assets at fair value	<u>\$ 74,781,307</u>	<u>\$ 176,721,557</u>

	Prices in Active Markets for Identical Assets (Level 1)	Fair Value at December 31, 2022
Investments		
Cash equivalents	\$ 394,261	\$ 394,261
Equities securities	21,137,175	21,137,175
Fixed income mutual funds	13,622,286	13,622,286
	<u>35,153,722</u>	<u>35,153,722</u>
Alternative investments *		
Measured under the		
Nav-practical expedient	-	108,162,883
Total investments	<u>35,153,722</u>	<u>143,316,605</u>
Total assets at fair value	<u>\$ 35,153,722</u>	<u>\$ 143,316,605</u>

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value ("NAV") 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, UNF 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, UNF may also use established processes for determining the fair value of such securities which reflect its 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 UNF'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 strategies 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 UNF 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 UNF’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, 2023 are as follows:

Investment	December 31, 2023 Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alternative investments			
Global	30,480,945	Quarterly	30 days
Hedged equity			
Long/short equity	10,525,479	Tri-annually	60 days
Long/short equity	3,987,754	*1/5 quarterly 4/5 triennial	30 days
Long/short equity	9,171,973	Monthly	30 days
Long/short equity	5,583,760	Monthly	45 days
Long/short equity	7,542,167	Quarterly	45 days
Absolute return			
Global multi-strategy	11,055,624	Quarterly	60 - 65 days
Global multi-strategy	2,455	1/3 annually	65 days
Credit and event-driven	13,826,437	Semi-annually	60 days
Credit and event-driven	9,763,654	1/4 quarterly	65 days
Global fixed income			
Arbitrage	2	1/3 annually	90 days
	<u>\$ 101,940,250</u>		

*20% of UNF’s shares have quarterly liquidity. The remaining 80% of shares have liquidity every three years

There were no unfunded commitments related to investments held by UNF as of December 31, 2023.

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

	2023	2022
Dividends and interest	\$ 238,959	\$ 829,607
Net unrealized gains/(loss) on investments	22,264,759	(37,389,826)
Net realized gains/(loss)	1,558,774	639,179
Investment fees	(263,300)	(1,106,936)
Total investment return, net	<u>\$ 23,799,192</u>	<u>\$ (37,027,976)</u>

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

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 30,848,372	\$ 30,848,372	\$ 394,261	\$ 394,261
Equity	29,375,093	9,316,350	21,137,175	9,115,795
Mutual fund				
Fixed income	14,557,842	14,851,624	13,622,286	14,081,090
Alternative investments				
International equity				
Asia ex japan		217,766	5,243,215	2,575,522
Europe, australasia, far east		740,600	4,300,120	3,847,292
Global	30,480,944	(1,500,000)	23,927,257	(1,500,000)
Hedged equity funds				
Long/short equity	36,811,134	15,308,256	33,645,416	17,065,534
Commingled equity				
Absolute return				
Global multi-strategy	11,058,079	5,000,672	16,356,679	11,000,672
Credit and event-driven	23,590,091	13,376,097	24,690,193	16,385,330
Global fixed income				
Arbitrage	2	-	3	-
	<u>\$ 176,721,557</u>	<u>\$ 88,159,737</u>	<u>\$ 143,316,605</u>	<u>\$ 72,965,496</u>

4. Contributions Receivable, Net

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

	2023	2022
Less than one year	\$ 52,436,630	\$ 41,964,076
One year to five years	25,426,824	23,510,222
	<u>77,863,454</u>	<u>65,474,298</u>
Less: Discount to net present value	(720,964)	(1,798,219)
Total contributions receivable, net	<u>\$ 77,142,490</u>	<u>\$ 63,676,079</u>

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UNF's top six donors represent \$38.4 million and \$33.6 million of the total net contributions receivable balance as of December 31, 2023 and 2022 respectively. Contributions receivable are recorded at their net realizable value. No allowance was recorded for unfulfilled contributions as of December 31, 2023 and 2022.

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 nonprofit organizations. Discount rates are based on market participants and range from 6.58% to 7.83%.

5. Property and Equipment

Property and equipment consisted of the following at December 31, 2023:

	2023	2022
Leasehold improvements	\$ 8,733,375	\$ 8,699,325
Equipment	350,519	350,519
Furniture and fixtures	2,958,725	2,958,725
	<u>12,042,619</u>	<u>12,008,569</u>
Less: Accumulated depreciation	<u>(9,101,944)</u>	<u>(8,506,153)</u>
Total property and equipment, net	<u>\$ 2,940,675</u>	<u>\$ 3,502,416</u>

Depreciation expense was \$595,791 and \$590,116 for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, UNF made no disposals of assets.

6. Leases

UNF's operating leases consist of contractual arrangements for the use of real estate and office equipment.

UNF occupies two US offices in the US. The Washington, D.C. office is the organization's headquarters and the current lease for that space expires in December 2028. In addition to the office space there are two storage spaces in the headquarters location that are leased with expiration in December 2028. UNF subleases one floor of the leased space in Washington, D.C. through December 2022. UNF also occupies space in New York City through a lease agreement expiring in March 2029.

UNF leases a copier and a postage meter. Their term ranges from 3-5 years.

Total lease cost as recognized in the UNF's Statements of Activities are as follows:

	2023
Operating lease cost	\$ 4,500,937
Sub-lease income	(63,990)
Total lease Costs	<u>\$ 4,436,947</u>

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Supplemental cash flow information related to leases is as follows:

	2023
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 6,836,349
ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ 43,087,054

UNF recognizes ROU assets and liabilities for operating leases at the earlier of January 1, 2022 (the adoption date for ASC-842 for leases existing on that date) or the commencement date of the lease (for new leases entered into after January 1, 2022). Initial ROU asset and liability are calculated at the present value of lease payments over the lease term for each lease, respectively. For the discount rates used in the present value calculations, UNF utilizes the U.S. Treasury risk free rates for the term that most closely matches the lease term. The U.S. Treasury risk free rates in 2022 ranged from 0.39% to 2.84% covering terms from 1 year to 10 years.

	2023
Weighted average remaining lease term (yrs):	
Real estate	5.03
Equipment	3.28
Weighted average discount rate:	
Real estate	2.70%
Equipment	2.84%

Remaining maturities of operating lease liabilities as of December 31, 2023 were as follows:

Years Ending December 31, 2023	
2024	7,045,539
2025	7,205,192
2026	7,378,446
2027	7,542,069
2028	7,711,473
Thereafter	172,690
Total lease payments	\$ 37,055,409
Less imputed interest	2,404,491
Total	\$ 34,650,918

The following is a schedule of anticipated future minimum rental payments as of December 31, 2022, pursuant to lease agreements:

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Years Ending December 31,	
2023	\$ 7,063,507
2024	7,272,697
2025	7,432,349
2026	7,605,604
2027	7,769,226
Thereafter	8,111,321
Total lease payments	\$ 45,254,704
Less imputed interest	2,167,650
Total	<u>\$ 43,087,054</u>

7. Net Assets with Donor Restrictions

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

	2023	2022
Global Health	\$ 9,148,819	\$ 37,798,471
Women and population	\$ 25,395,985	30,816,094
Environment	\$ 42,806,297	29,910,389
UN Strengthening	\$ 32,858,580	13,083,685
	<u>\$ 110,209,681</u>	<u>\$ 111,608,639</u>

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:

	Net Asset Release	
	2023	2022
Global Health	\$ 12,007,996	\$ 31,383,848
Environment	\$ 28,521,975	24,934,974
UN Strengthening	\$ 18,247,338	24,493,559
Women and population	\$ 16,446,546	17,054,103
	<u>\$ 75,223,855</u>	<u>\$ 97,866,484</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, 2023, and 2022, UNF contributed under this plan in the amount of \$1,650,135 and \$1,659,268, respectively.

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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 2023 and 2022, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities were \$16,606,568 and \$27,307,172 respectively. At December 31, 2023 and 2022, there were \$0 in unexpended grants for each year.

Contributions

Contributions from Board Members amount to \$10,000 and \$120,000 for the years ended December 31, 2023 and 2022, respectively.

Grants

UNF approved grants totaling \$34,200,297 and \$26,349,465 to affiliated organizations during 2023 and 2022, respectively. At December 31, 2023 and 2022, there were no unexpended payable to affiliated organizations.

Cost-Sharing Agreement

UNF and BWF have a cost-sharing agreement whereby operating costs are allocated based a mutually agreed upon percentage each year. UNF allocated 1% and 5% of its operating expenses to BWF in 2023 and 2022. During 2023 and 2022, \$281,189 and \$793,577 respectively, of such cost was incurred and allocated by UNF to BWF and was recorded by UNF as a related party receivable.

At December 31, 2023, \$6,825,798 was payable to UNF by BWF and is included in related party receivable in the Statements of Financial Position. At December 31, 2022, \$4,932,080 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:

	2023	2022
Related party receivable (due from BWF)	\$ 7,530,458	\$ 5,417,672
Related party payable (due to BWF)	\$ (704,660)	(485,592)
	<u>6,825,798</u>	<u>\$ 4,932,080</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 Statements 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 August 23, 2024, which is the date the financial statements were available to be issued. Based on this evaluation, no other subsequent events were identified.