

BETTER WORLD FUND, INC.
Financial Statements and Supplementary
Information
December 31, 2014 and 2013

BETTER WORLD FUND, INC.
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December 31, 2014 and 2013

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Independent Auditor's Report

To Board of Directors of
Better World Fund, Inc.:

We have audited the accompanying financial statements of Better World Fund, Inc. (the "Fund"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, and 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.

Auditor's 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 Fund'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 Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Better World Fund, Inc. at December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

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

RicewaterhouseCoopers LLP

June 3, 2015

BETTER WORLD FUND, INC.
Statements of Financial Position
As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ 6,256,627	\$ 15,351,241
Investments	2,091,019	-
Contributions receivable, net	181,799	1,133,446
Other assets	8,295	139
Total assets	<u>\$ 8,537,740</u>	<u>\$ 16,484,826</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 300,880	\$ 108,256
Amounts held for others	-	249,940
Due to an affiliate, net	847,535	577,146
Deferred government grants	35,931	99,068
Unexpended grants, net	4,075	34,647
Total liabilities	<u>1,188,421</u>	<u>1,069,057</u>
Net assets		
Unrestricted net assets	3,519,042	9,080,141
Temporarily restricted net assets	1,255,277	3,760,628
Permanently restricted net assets	<u>2,575,000</u>	<u>2,575,000</u>
Total net assets	<u>7,349,319</u>	<u>15,415,769</u>
Total liabilities and net assets	<u>\$ 8,537,740</u>	<u>\$ 16,484,826</u>

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

BETTER WORLD FUND, INC.
Statements of Activities and Changes in Net Assets
For the years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Change in unrestricted net assets		
Revenues and other changes:		
Contributions from related party	\$ 21,750	\$ -
Contributions from third parties	1,013,386	1,405,201
Government grants	98,136	5,932
Interest and dividends	94,230	6,962
Net realized and unrealized gain on investment	13,638	-
Grant recoveries, adjustments, other	809,865	771,129
Total unrestricted revenues and other changes	<u>2,051,005</u>	<u>2,189,224</u>
Net assets released from restriction	<u>3,162,889</u>	<u>4,507,468</u>
Total unrestricted revenues and other support	<u>5,213,894</u>	<u>6,696,692</u>
Expenses:		
Program services	8,917,817	10,368,226
General and administrative	816,572	792,153
Fundraising	1,040,604	958,237
Total expenses	<u>10,774,993</u>	<u>12,118,616</u>
Change in unrestricted net assets	(5,561,099)	(5,421,924)
Unrestricted net assets, beginning of year	<u>9,080,141</u>	<u>14,502,065</u>
Unrestricted net assets, end of year	<u>3,519,042</u>	<u>9,080,141</u>
Change in temporarily restricted net assets		
Contributions from related parties	442,500	509,668
Contributions from third parties	1,053,846	3,621,643
Interest and dividends	1,052	1,185
Grant recoveries, adjustments, other	166,850	50,000
Uncollectible contributions	(1,006,710)	(660,030)
Net assets released from restriction	<u>(3,162,889)</u>	<u>(4,507,468)</u>
Change in temporarily restricted net assets	(2,505,351)	(985,002)
Temporarily restricted net assets, beginning of year	<u>3,760,628</u>	<u>4,745,630</u>
Temporarily restricted net assets, end of year	<u>1,255,277</u>	<u>3,760,628</u>
Change in permanently restricted net assets		
Other adjustments	-	(50,000)
Change in permanently restricted net assets	-	(50,000)
Permanently restricted net assets, beginning of year	<u>2,575,000</u>	<u>2,625,000</u>
Permanently restricted net assets, end of year	<u>2,575,000</u>	<u>2,575,000</u>
Change in net assets	(8,066,450)	(6,456,926)
Net assets, beginning of year	<u>15,415,769</u>	<u>21,872,695</u>
Net assets, end of year	<u>\$ 7,349,319</u>	<u>\$ 15,415,769</u>

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

BETTER WORLD FUND, INC.
Statements of Cash Flows
For the years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$(8,066,450)	\$(6,456,926)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Grant recoveries	(214,163)	(9,000)
Amortization of discount for contributions receivable	(10,792)	3,111
Write off of contributions receivable	1,006,710	660,030
Net realized and unrealized gain and fees on investments	(6,528)	-
Increase in accounts receivable	119	131,331
Decrease (increase) in contributions receivables	(44,271)	(1,124,999)
Decrease (increase) in prepaid expenses	(8,275)	133,342
Increase (decrease) in accounts payable and accrued expenses	192,624	(217,905)
(Decrease) increase in amounts held for others	(249,940)	249,940
Decrease in unexpended grants	183,591	(32,483)
Increase (decrease) in due to an affiliate	270,389	(2,713,880)
(Decrease) increase in deferred government grants	(63,137)	99,068
Net cash used in operating activities	<u>(7,010,123)</u>	<u>(9,278,371)</u>
Cash flows from investing activities		
Purchase of investments	<u>(2,084,491)</u>	-
Net cash used in investing activities	<u>(2,084,491)</u>	-
Change in cash and cash equivalents	(9,094,614)	(9,278,371)
Cash and cash equivalents, beginning of year	<u>15,351,241</u>	<u>24,629,612</u>
Cash and cash equivalents, end of year	<u>\$ 6,256,627</u>	<u>\$15,351,241</u>

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

BETTER WORLD FUND, INC.
Notes to the Financial Statements
For the years ended December 31, 2014 and 2013

1. Description of the Organization

In March 1998, R.E. (Ted) Turner established Better World Fund, Inc. (“BWF” or “Fund”) and its sister organization, United Nations Foundation, Inc. (“UNF” or “Foundation”), to support the efforts of the United Nations (“UN”). BWF was formed to support charitable causes through raising funds from the general public to enable it to carry on a discretionary grant-making program and educating the public regarding the UN and its work in the areas of: 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.

Classification of net assets

BWF’s net assets have been grouped into the following three classes:

Unrestricted Net Assets - Unrestricted net assets are those whose use by BWF is not subject to any donor-imposed stipulations. Unrestricted net assets generally result from unrestricted contributions, unrealized and realized gains and losses, and interest from investing unrestricted net assets in income-producing assets, less expense incurred in making grants, raising contributions, and performing administrative functions. Board designated voluntary restrictions, such as voluntarily earmarking assets for a particular purpose, are included among the unrestricted net assets of BWF. The board is free to designate certain portions of its funds for certain activities; however, these are included among unrestricted net assets since they are not bound by restrictions imposed by a donor.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by BWF is subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the BWF pursuant to those stipulations. When these restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Permanently Restricted Net Assets - Permanently restricted net assets have donor-imposed stipulations that require that the corpus of the gifts be retained permanently.

As a result of the dissolution of the former United Nations Association of the United States of America (“UNA-USA”), BWF received an endowment contribution of \$2,625,000 in permanently restricted funds. In 2013, with donor consent, \$50,000 of permanently restricted funds became temporarily restricted. The interest generated by these funds is to be used for the permanently restricted purposes (for example, the maintenance and operation of a conference room and for general operations of BWF UNA-USA programs.)

Valuation of Investments

The Fund carries its investments at market value to the extent that market quotations are readily available and reliable. To the extent that market quotations are not available or are considered to

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be unreliable, fair value is estimated by the investment manager under the general oversight of the Board of Directors of the Fund after consideration of factors considered to be relevant, including but not limited to, the type of investment, position size, marketability, (or absence thereof) cost, restrictions on transfer, and available quotations of similar instruments. Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been obtained had a ready market for the investments existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. There is no single standard for determining fair value in good faith, as fair value depends upon circumstances of each individual case. In general, fair value is the amount that the Foundation might reasonably expect to receive upon the current sale of the investment in an arms-length transaction in the investment's principal market.

The change in net unrealized gains or losses on investment securities is reflected in the Consolidated Statements of Activities and Changes in Net Assets. All gains and losses arising from the sale, collection, or other disposition of investments are accounted for on a specific identification basis calculated as of the transaction date.

See Note 3 for further details on valuation of investments.

Contributions

BWF recognizes contributions and unconditional promises to give as revenue in the period received or promised, whichever is earlier. All contributions are considered to be unrestricted unless specifically restricted by the donor. Contributions are reported as temporarily restricted if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a purpose restriction is accomplished or a stipulated time restriction ends. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Unconditional promises to give involve fair value measurement only upon initial recognition.

Unconditional promises to give, which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to any other similar non-profit organizations. This approach is consistent with the guidance provided under Accounting Standards Codification ("ASC") Topic 820. Discount rates are based on market participants. The discount rates for 2014 range between 1.82% and 2.07%.

Grants

The amount for which BWF is obligated is recorded when the project has been approved by its Board of Directors. Grants contingent upon third party funding or other conditions are recognized as the conditions are met.

Grants payable involve fair value measurement only upon initial recognition. Grants payable, which are expected to be paid in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to other similar non-profit organizations. This approach is

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consistent with the guidance provided under Accounting Standards Codification (“ASC”) Topic 820. There were no discounted grants payable in 2014 or 2013.

At the end of the approved grant term and upon completion of BWF’s internal grant modification and closing process, grant recoveries and adjustments are recorded in the period in which they are closed or modified as reflected on the Statements of Activities. As of December 31, 2014 and 2013, grant recoveries and adjustments were recorded related to closed grants with pending refunds in the amounts of \$214,162 and \$9,000, respectively.

Government Grants

BWF receives various grants from Federal Government agencies for the purpose of furthering its mission of educating the public regarding the UN and its work. Grants are recognized as support and the related project costs are recorded as expenses when services related to grants are incurred. Grants receivable are included in Accounts Receivable – Other in the States of Financial Position. Grant income is included in Government Grants in the Statement of Activities and Change in Net Assets.

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.

Property and equipment

Property and equipment are recorded at cost and depreciated using the half-year convention over the estimated useful lives ranging from two to eight years or the life of the lease, whichever is shorter. 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. BWF’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, 2014 and 2013.

Income Taxes

BWF 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 BWF 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

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measurement, classification and disclosure of tax return positions in the financial statements. There was no impact on BWF's financial statements during the years ended December 31, 2014 and 2013 resulting from this guidance.

Concentration of credit risk

Financial instruments, which potentially subject BWF to a concentration of credit risk, consist of demand deposits placed with one financial institutions. BWF places its cash and cash equivalents with high credit quality financial institutions that are federally insured under the Federal Depository Insurance Corporation Act (FDICA). At December 31, 2014 and 2013, the aggregate balances in excess of the insurance limits were approximately \$6 million and \$15.1 million, respectively, and therefore bear some risk since they are not collateralized. BWF has not experienced any losses on its cash and cash equivalents to date, as they relate to FDICA insurance limits and do not expect such losses in the future.

Use of estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses, including donated services and functional allocation of expenses, and the carrying value of certain investments, grants payable and contributions receivable, during the reporting period. Actual results could differ from those estimates.

3. Fair Value Measurements

FASB's guidance on the fair value option for financial assets and financial liabilities permits companies to choose to measure many financial assets and liabilities, and certain other items at fair value. This guidance requires a company to record unrealized gains and losses on items for which the fair value option has been elected in the Statement of Activities. The fair value option may be applied on an instrument by instrument basis. Once elected, the fair value option is irrevocable for that instrument. The fair value option can be applied only to entire instruments and not to portions thereof. BWF did not elect fair value accounting for any asset or liability that was not currently required to be measured at fair value.

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

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in this category included listed equities and listed mutual funds.

Level 2 – Pricing inputs including market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. Investments which are generally included in this category include less liquid and restricted equity securities and fixed income securities.

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Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation. Investments that are included in this category generally include investments in private equity and investment funds as well as off-shore hedge funds.

An investment’s level with 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 with the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the perceived risk of that investment.

The following tables present the financial investments held by Funds in which BWF invests. The following investments are carried at fair value as of December 31, 2014 and 2013, by the fair valuation hierarchy defined above:

	Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value at 12/31/14
Cash equivalents	\$ 2,049,168	\$ -	\$ -	\$ 2,049,168
Investments:				
Mutual Fund				
Balanced Fund	2,091,019	-	-	2,091,019
Total	\$ 4,140,187	\$ -	\$ -	\$ 4,140,187

	Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value at 12/31/13
Cash equivalents	\$ 8,493,772	\$ -	\$ -	\$ 8,493,772
Total	\$ 8,493,772	\$ -	\$ -	\$ 8,493,772

There were no transfers between Level 1, 2 or 3 for the years ended December 31, 2014 and 2013.

The following estimates and assumptions were used to determine the fair value of each class of financial instruments listed above:

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

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Balanced Funds – This asset is a separately held account in an investment fund that is a publicly traded security. The fund invests in 60% stocks and 40% bonds, including domestic and international stock funds and U.S. bond funds. The mutual funds exist in an active market and is classified as Level 1.

Assets measured at fair value on a recurring basis:

	2014	
	<u>Cash and cash equivalents</u>	<u>Investments</u>
Items reported at fair value	\$ 2,049,168	\$ 2,091,019
Items not subject to fair vaue reporting	<u>4,207,459</u>	<u>-</u>
Total	\$ 6,256,627	\$ 2,091,019

	2013	
	<u>Cash and cash equivalents</u>	<u>Investments</u>
Items reported at fair value	\$ 8,493,772	\$ -
Items not subject to fair vaue reporting	<u>6,857,469</u>	<u>-</u>
Total	\$ 15,351,241	\$ -

Items not subject to fair value reporting include cash deposits.

The fair value and cost of investments held by Funds in which BWF invests at December 31 were as follows:

	Year ended 12/31/2014		Year ended 12/31/2013	
	Fair Value	Cost	Fair Value	Cost
Mutual Fund				
Balanced Fund	\$ 2,091,019	\$ 2,000,000	\$ -	\$ -
Total	<u>\$ 2,091,019</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>

BETTER WORLD FUND, INC.
Notes to the Financial Statements
For the years ended December 31, 2014 and 2013

4. Contributions Receivable

Contributions receivable as at December 31, are as follows:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 160,124	\$ 644,687
One year to five years	<u>22,124</u>	<u>500,000</u>
	182,248	1,144,687
Less: Discount	<u>(449)</u>	<u>(11,241)</u>
Contributions receivable, net	<u>\$ 181,799</u>	<u>\$ 1,133,446</u>

Net contributions receivable as of December 31, 2014 consisted of \$135,000, \$43,799, and \$3,000 from three donors. Net contributions receivable as of December 31, 2013 consisted of \$989,000, \$75,000, \$50,000 and \$19,688 from four donors.

Contributions receivable recorded in 2014 and 2013 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 borrowing rates from local banking institutions which would be extended to similar market participants. The discount rates for 2014 range between 1.82% and 2.07%.

5. Temporarily Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Elder project	\$ 500,002	\$ 2,995,392
Environment	363,851	394,177
UNA-USA	63,957	113,081
Women & Population	323,759	244,414
Other	<u>3,708</u>	<u>13,564</u>
	<u>\$ 1,255,277</u>	<u>\$ 3,760,628</u>

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6. Release of Temporarily Restricted Net Assets

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

	2014	2013
Elder project	\$ 1,586,909	\$ 2,600,000
Environment	1,325,696	1,336,058
UNA-USA	159,484	466,857
Women & Population	87,506	99,150
Other	3,294	5,403
	<u>\$ 3,162,889</u>	<u>\$ 4,507,468</u>

7. Permanently Restricted Net Assets

Permanently restricted net assets at December 31, 2014 and 2013 in the amount of \$2,575,000 have been restricted by donors for UNA-USA programs.

8. Endowment Net Assets

The Board of the Fund has interpreted the District of Columbia enacted version of “Uniform Prudent Management of Institutional Funds Act” (UPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure of the Fund in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

The Fund had the following endowment balances during the year ended December 31, 2014 and 2013 delineated by net asset class and donor-restricted versus Board-designated funds:

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	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds:				
at December 31, 2014	\$ -	\$ -	\$ 2,575,000	\$ 2,575,000
at December 31, 2013	\$ -	\$ -	\$ 2,575,000	\$ 2,575,000

Changes in Endowment net assets are summarized as follows for the years ended December 31, 2014 and 2013:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at December 31, 2013	\$ -	\$ 2,575,000	\$ 2,575,000
Investment Return:			
Investment income	84,491	-	84,491
Net realized & unrealized gains & losses	6,528	-	6,528
Total Investment Return	91,019	2,575,000	2,666,019
Contributions	-	-	-
Appropriation of endowment net assets for expenditures	(91,019)	-	(91,019)
Transfer of balance of net depreciation to unrestricted	-	-	-
Endowment net assets at December 31, 2014	\$ -	\$ 2,575,000	\$ 2,575,000

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at December 31, 2012	\$ -	\$ 2,575,000	\$ 2,575,000
Investment Return:			
Investment income	-	-	-
Net realized & unrealized gains & losses	-	-	-
Total Investment Return	-	2,575,000	2,575,000
Contributions	-	-	-
Appropriation of endowment net assets for expenditures	-	-	-
Transfer of balance of net depreciation to unrestricted	-	-	-
Endowment net assets at December 31, 2013	\$ -	\$ 2,575,000	\$ 2,575,000

Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. There were no deficits of this nature reported in unrestricted net assets as of December 31, 2014 and 2013, respectively.

Return Objectives and Risk Parameters

The Fund has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a composite index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The Fund expects its endowment funds over time, to produce results that meet or

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exceed the performance of the index and median peer performance for asset benchmarks net of expenses.

Strategies Employed for Achieving Investment Objectives

To satisfy its long-term rate-of-return objectives, the Fund relies on a balanced strategy in which investment returns are achieved through both long-term capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund seeks a balanced asset allocation that places emphasis on equity-based investments and bonds to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

BWF has a policy of reviewing for appropriation each year the investment income for permanently restricted purposes, such as the maintenance and operation of a conference room and for general operations of BWF UNA-USA programs. In establishing this policy, the Fund considered the long-term expected return on its endowment. Accordingly, over the long-term, the Fund expects the current spending policy to allow its endowment to maintain the purchasing power of the original endowment assets held in perpetuity.

9. Related Parties

Contributions

During 2014 and 2013, BWF recognized contribution revenue from affiliated organizations of \$525,000 and \$500,000, respectively. Contributions of \$0 and \$67,168 were received through donations of cash from UNF for the years ended December 31, 2014 and 2013, respectively.

Grants

In 2014 and 2013, BWF approved grants totaling \$1,825,080 and \$2,767,384, respectively, to affiliated organizations. At December 31, 2014 and 2013, \$0 and \$12,797, respectively, of unexpended grants remained payable to affiliated organizations.

Cost-sharing agreement

UNF and BWF have a cost-sharing agreement whereby operating costs are shared based upon the relative portions of annual grant making, employee time incurred, or labor costs, depending on the type of expenditure. During 2014 and 2013, \$1,777,441 and \$1,713,845, respectively, of such cost was incurred and allocated by UNF to BWF and was recorded by BWF as "Due to an Affiliate." The allocation ratio of the operating expenses between UNF and BWF were 87%:13% and 86%:14% for the years ended December 31, 2014 and 2013, respectively. At December 31, 2014 and 2013, \$847,535 (consisting of \$2,434,531 of payables and \$1,586,996 of receivables) and \$577,146 (consisting of \$1,475,945 of payables and \$898,799 of receivables), respectively, were payable to UNF and included in "Due to an Affiliate" in the Statements of Financial Position.

BETTER WORLD FUND, INC.
Notes to the Financial Statements
For the years ended December 31, 2014 and 2013

10. Revision of the Financial Statements

BWF has revised its financial statements as of and for the year-ended December 31, 2013 to correct certain amounts previously reported. In 2013, BWF received government grants and recorded these grants as Temporarily Restricted Contribution Revenue in the Statement of Activities and Changes in Net Assets. However, in accordance with accounting guidance, revenue from government grants is recognized as unrestricted revenue only when allowable costs are incurred. For the year-ended December 31, 2013, BWF reclassified to correct previously reported Temporarily Restricted Contribution Revenue to Government Grant Revenue of \$5,932 and reduced Temporarily Restricted Contribution Revenue and recorded Deferred Government Grant Revenue of \$99,068. In addition, for the year-ended December 31, 2013, BWF recorded Subscription Expense and reduced the related Prepaid Expense by \$178,342. Management concluded these revisions are not material to the previously issued financial statements.

11. Subsequent Events

BWF has performed an evaluation of subsequent events through June 3, 2015, which is the date the financial statements were available to be issued, noting no additional events which would affect the financial statements as of December 31, 2014.

Supplemental Schedule

BETTER WORLD FUND, INC.
Schedule of Functional Expenses
For the years ended December 31, 2014 and 2013

	Program Services					Supporting Services					2014 Total Expenses	2013 Total Expenses
	Advocacy	Environ- ment	Peace, Security & Human Rights	UN Strenght- ening	Women & Population	Total Program Services	General & Admin- istrative	Fund -raising	Total Supporting Services			
Personnel Expenses	\$ 1,308,136	\$ 457,844	\$ 519,640	\$ 920,351	\$ -	\$ 3,205,971	\$ 533,103	\$ 538,597	\$ 1,071,700	\$ 4,277,671	\$ 4,442,788	
Professional Fees	1,237,580	703,346	28,488	293,564	102,946	2,365,924	119,554	160,296	279,850	2,645,774	2,495,932	
Occupancy	1,256	491	884	1,917	-	4,548	847	1,051	1,898	6,446	357,929	
Information Technology	432	442	5,793	1,179	-	7,846	8,130	652	8,782	16,628	16,880	
Communications	17,523	15,233	13,120	25,043	-	70,919	9,890	15,491	25,381	96,300	71,402	
Postage & Delivery	1,929	277	3,138	14,127	9	19,480	3,666	6,030	9,696	29,176	47,264	
Printing & Reproduction	30,330	673	7,083	88,298	-	126,384	7,814	31,428	39,242	165,626	172,750	
Travel	80,430	36,058	60,907	178,637	2,683	358,715	30,679	97,424	128,103	486,818	393,922	
Other Operating	106,652	35,235	83,896	489,883	4,354	720,020	102,889	189,635	292,524	1,012,544	1,024,138	
Grant Expense	38,435	1,700	1,793,021	204,854	-	2,038,010	-	-	-	2,038,010	3,095,611	
Total Expenses	\$ 2,822,703	\$ 1,251,299	\$ 2,515,970	\$ 2,217,853	\$ 109,992	\$ 8,917,817	\$ 816,572	\$ 1,040,604	\$ 1,857,176	\$ 10,774,993	\$ 12,118,616	