

UNITED NATIONS FOUNDATION, INC.
Financial Statements and Supplementary
Information
December 31, 2014 and 2013

UNITED NATIONS FOUNDATION, INC.
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December 31, 2014 and 2013

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Independent Auditor's Report

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

We have audited the accompanying financial statements of United Nations Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 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 Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Nations Foundation, 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.

Ricardo Hernandez Lopez S.A.P.

June 3, 2015

UNITED NATIONS FOUNDATION, INC.
Statements of Financial Position
As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ 65,827,353	\$ 82,756,518
Investments	214,063,035	198,275,840
Accounts receivable:		
Due from an affiliate	847,535	577,146
Other	1,132,019	11,295,628
Contributions receivable, net	88,745,950	80,656,106
Prepaid expenses and deposits	551,081	209,801
Property and equipment, net	<u>9,164,163</u>	<u>9,077,852</u>
Total assets	<u>\$ 380,331,136</u>	<u>\$ 382,848,891</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 5,164,845	\$ 11,510,667
Unexpended grants, net	2,374,531	4,251,910
Deferred rent and landlord allowance	<u>15,640,203</u>	<u>14,156,618</u>
Total liabilities	<u>23,179,579</u>	<u>29,919,195</u>
Net assets		
Unrestricted net assets	221,973,800	198,795,509
Temporarily restricted net assets	<u>135,177,757</u>	<u>154,134,187</u>
Total net assets	<u>357,151,557</u>	<u>352,929,696</u>
Total liabilities and net assets	<u>\$ 380,331,136</u>	<u>\$ 382,848,891</u>

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

UNITED NATIONS FOUNDATION, INC.
Statements of Activities and Changes in Net Assets
As of December 31, 2014 and 2013

	2014	2013
Change in unrestricted net assets		
Revenues:		
Contributions from a related party	\$ 33,902,284	\$ 50,000,000
Contributions from third parties	9,369,643	5,632,872
Government grants	10,044,026	5,186,592
Interest and dividends	6,359,521	4,260,361
Net realized and unrealized gains on investments	7,733,373	20,154,174
Grant recoveries and adjustments	840,767	2,789,419
Other	390,940	2,060,073
Total unrestricted revenues and other changes	<u>68,640,554</u>	<u>90,083,491</u>
Net assets released from restriction	102,466,185	90,678,631
Total unrestricted revenues and other support	<u>171,106,739</u>	<u>180,762,122</u>
Expenses:		
Program services	130,830,744	117,807,389
General and administrative	10,592,798	13,014,787
Fundraising	6,504,906	7,016,699
Total expenses	<u>147,928,448</u>	<u>137,838,875</u>
Change in unrestricted net assets	23,178,291	42,923,247
Unrestricted net assets, beginning of year	198,795,509	155,872,262
Unrestricted net assets, end of year	<u>221,973,800</u>	<u>198,795,509</u>
Change in temporarily restricted net assets		
Contributions from third parties	84,735,626	140,521,836
Contributions from a related party	398,250	568,770
Donated services	-	405,000
Interest and dividends	-	4,000
Gifts in kind	-	12,784,000
Grant recoveries and other adjustments	715,692	2,100,159
Net realized and unrealized foreign currency exchange (loss) gain	(2,339,813)	(526,549)
Net assets released from restriction	(102,466,185)	(90,678,631)
Change in temporarily restricted net assets	<u>(18,956,430)</u>	<u>65,178,585</u>
Temporarily restricted net assets, beginning of year	154,134,187	88,955,602
Temporarily restricted net assets, end of year	<u>135,177,757</u>	<u>154,134,187</u>
Change in net assets	4,221,861	108,101,832
Net assets, beginning of year	<u>352,929,696</u>	<u>244,827,864</u>
Net assets, end of year	<u>\$ 357,151,557</u>	<u>\$ 352,929,696</u>

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

UNITED NATIONS FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 4,221,861	\$ 108,101,832
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	870,175	793,198
Grant recoveries	(1,589,735)	(7,164,579)
Other adjustments	71,508	2,275,000
Amortization of discount for contributions receivable	(796,487)	1,442,176
Accretion of landlord allowance	(583,042)	(734,613)
Net realized and unrealized gain and fees on investments	(4,648,403)	(16,705,581)
Net realized and unrealized foreign currency exchange loss	2,340,190	526,549
(Increase) decrease in accounts receivable due from an affiliate	(270,389)	2,713,880
Decrease (increase) in accounts receivable other, net	9,533,540	(1,379,942)
Increase in contributions receivable	(9,525,361)	(11,429,016)
Decrease (increase) in grants receivable	450,375	(179,694)
(Increase) decrease in prepaid expenses and deposits	(341,280)	276,567
(Decrease) increase in accounts payable and accrued expenses	(6,345,822)	4,474,458
(Decrease) increase in unexpended grants	(287,644)	3,301,738
Increase in deferred rent	2,066,627	3,987,162
Net cash (used in) provided by operating activities	<u>(4,833,887)</u>	<u>90,299,135</u>
Cash flows from investing activities		
Purchase of investments	(32,642,865)	(84,157,251)
Proceeds from the sale of investments	21,504,073	64,815,466
Purchases of property and equipment	(956,486)	(8,586,378)
Net cash used in investing activities	<u>(12,095,278)</u>	<u>(27,928,163)</u>
Change in cash and cash equivalents	(16,929,165)	62,370,972
Cash and cash equivalents, beginning of year	82,756,518	20,385,546
Cash and cash equivalents, end of year	<u>\$ 65,827,353</u>	<u>\$ 82,756,518</u>
Supplemental information:		
Donated securities	<u>\$ 258,601</u>	<u>\$ 29,344</u>

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

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

1. Description of the Organization

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

2. Summary of Significant Accounting Policies

Basis of presentation

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

Classification of net assets

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

Unrestricted Net Assets - Unrestricted net assets are those whose use by UNF is not subject to any donor-imposed stipulations. Unrestricted net assets generally result from unrestricted contributions, unrealized and realized gains and losses, and interest from investing unrestricted net assets in income-producing assets, less expense incurred in making grants, raising contributions, and performing administrative functions. Board designated voluntary restrictions, such as voluntarily earmarking assets for a particular purpose, are included among the unrestricted net assets of UNF. The board is free to designate certain portions of its funds for certain activities; however, these are included among unrestricted net assets since they are not bound by restrictions imposed by a donor. As of December 31, 2014 and 2013, no UNF unrestricted net assets have been designated as grant matching funds.

The Board of Directors has set-aside funds from the R.E. (Ted) Turner’s unrestricted contributions for the long-term sustainability goals of the Foundation. As of December 31, 2014, the set-aside balance was approximately \$214 million.

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

Valuation of Investments

The Foundation carries its investments at market value to the extent that market quotations are readily available and reliable. To the extent that market quotations are not available or are considered to be unreliable, fair value is estimated by the investment manager 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

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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

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

Unconditional promises to give, which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to any other similar non-profit organizations. This approach is consistent with the guidance provided under Accounting Standards Codification ("ASC") Topic 820. Discount rates are based on market participants and range from 1.82% to 3.20%.

In 2014 and 2013, contributions received in prior years totaling \$45,916 and \$0, respectively, were returned to donors either because the Foundation could not implement the purpose for which the contribution was originally received or residual funds existed on closed grants/projects.

Grants

UNF makes grants in support of four program priorities established by the board of directors. The amount for which UNF is obligated is recorded when the project has been unconditionally approved. Grants contingent upon third party funding or other conditions are recognized as the conditions are met.

Grants payable involve fair value measurement only upon initial recognition. Grants payable, which are expected to be paid in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to any other similar non-profit organization. This approach is consistent with the guidance provided under ASC Topic 820. Discount rates are based on

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market participants and range from 1.82% to 3.02%. All unexpended grants at December 31, 2014 and 2013 are payable within a year.

At the end of the approved grant term and upon completion of UNF's internal grant modification and closing process, grant recoveries and adjustments are recorded in the period in which they are closed or modified as reflected on the Statements of Activities. In 2014 and 2013, grant recoveries and adjustments and the corresponding grants payable balances were recorded in the amounts of \$651,138 and \$3,919,401, respectively, due to grant closings and modifications. Additionally, as of December 31, 2014 and 2013, grant recoveries and adjustments were recorded related to closed grants with pending refunds in the amounts of \$938,597 and \$3,245,177, respectively. As of December 31, 2014 and 2013, there were no grants payable with expired terms or no immediate future projected payments.

Government Grants

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

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 and Changes in Net Assets.

Donated services

UNF recognizes donations of services received if such services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These donated services are recorded at estimated fair value on the date the service is provided. There were \$0 and \$405,000 of donated services for the years ended December 31, 2014 and 2013. Donated services are included in the Statements of Activities and Changes in Net Assets.

Interest income

Certain interest income earned by UN agencies and projects, resulting from funding provided by UNF, was made available for use to fulfill project payment requests during 2014 and 2013. This income is recorded as interest income at the time it is reported by UN agencies to UNF and is held as a receivable until it is utilized in meeting a specific payment request. Interest receivable from UN agencies in the amounts of \$1,831 and \$836 for the years ended December 31, 2014 and 2013, respectively, is included in Accounts Receivable - Other in the Statements of Financial Position.

Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments purchased with original maturities of 90 days or less. Cash equivalents consist of funds held in a money market account which are available for immediate withdrawal without penalty.

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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.

Property and equipment

Property and equipment are recorded at cost and depreciated using the half-year convention over the estimated useful lives of assets ranging from two to eight years or the life of the lease, whichever is shorter. Land is recorded at fair value at the date of contribution. When assets are sold or retired, the related cost and accumulated depreciation are removed from the account. Any gain or loss resulting from disposition is credited or charged to operations. Expenditures for repairs and maintenances are charged to operations as incurred.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when events and circumstances indicate that the carrying amount of an asset may not be recoverable. UNF's policy is to record an impairment loss when it is determined that the carrying amount of the asset exceeds the sum of the expected undiscounted future cash flows resulting from use of the asset and its eventual disposition. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. There were no impairment charges for the years ended December 31, 2014 and 2013.

Leases and leasehold improvements

During 2006, UNF entered into an agreement to lease additional office space in Washington, DC as its headquarters facility. The office lease is a ten-year agreement which expires in 2017. However, UNF has the option of exiting this lease at eight years, with the payment of an early-termination fee. Leasehold improvements are amortized over the eight-year useful life of the lease. Under the terms of this lease, UNF obtained a letter of credit amounting to \$104,828 in lieu of a security deposit for the building in March 2011.

During 2010, UNF entered into an agreement to lease additional space in Washington, DC. This lease agreement has a term of six years and four months which expires in 2016.

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

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

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

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2014 and expiring in December 2028. The second storage space lease has a term of 14 years commencing in December 2014 and expiring in December 2028.

Landlord allowance

As an incentive for entering into the lease agreement for its office in New York City, UNF received a cash allowance of \$192,000 from the landlord in 2011. The value of this allowance payment and total base rent under the lease is amortized over the ten-year, seven-month life of the lease. As of December 31, 2014 and 2013, \$244,026 and \$245,244, respectively, is included in deferred rent and landlord allowance on the statements of financial position as unamortized landlord allowance.

As an incentive for entering into the lease agreement for its new headquarters location in Washington, DC, UNF received a commitment for cash allowances as follows: 1) \$315,281 to cover the lease termination fee at one Washington, DC location, 2) \$335,741 to cover the lease termination fee and \$1,514,607 to cover post-move rent payments due at another Washington, DC location, and 3) \$7,011,668 to cover tenant improvements at the new headquarters location. Leasehold improvements, landlord allowances and credits, and total base rent under the lease are amortized over a 16-year and three-month period, commencing when UNF took possession of the space to begin tenant improvements in October 2012 and ending at the end of the lease term in November 2028. As of December 31, 2014 and 2013, \$15,396,177 and \$13,911,374, respectively, is included in deferred rent and landlord allowance on the Statements of Financial Position. As of December 31, 2014 and 2013, Accounts Receivable – Other included \$302,218 and \$5,346,907, respectively, in landlord allowance receivable.

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, 2014 and 2013 resulting from this guidance.

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 institutions. UNF places its cash and cash equivalents with high credit quality financial institutions that are federally insured under the Federal Depository Insurance Corporation Act (FDICA). At December 31, 2014 and 2013, the aggregate balances in excess of the insurance limits were approximately \$65.6 million and \$82.5 million, respectively, and therefore bear some risk since they are not collateralized. UNF has not experienced any losses on its cash and cash equivalents to date, as they relate to FDICA insurance limits and do not expect such losses in the future.

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Notes to the Financial Statements
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Use of estimates

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

Reclassifications

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

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. UNF 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.

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.

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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.

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

The following tables present the financial investments held by Funds in which UNF 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	\$ 55,524,918	\$ -	\$ -	\$ 55,524,918
Investments:				
Cash Equivalents	521,141	-	-	521,141
Equity	20,143,019	-	-	20,143,019
Mutual Fund				
Domestic Large Cap Equities	36,949,593	-	-	36,949,593
Fixed Income	36,097,880	-	-	36,097,880
International Equity	6,729,516	-	-	6,729,516
Alternative Investments				
International Equity				
Asia ex Japan	-	8,127,025	4,014,358	12,141,383
Europe, Australasia, Far East	-	3,843,775	-	3,843,775
Global	-	17,529,701	-	17,529,701
Hedged Equity Funds				
Long/Short Equity	-	2,690,754	34,272,367	36,963,121
Absolute Return				
Global Multi-Strategy	-	-	20,236,435	20,236,435
Credit and Event-Driven	-	-	16,207,102	16,207,102
Global Fixed Income				
Arbitrage	-	-	6,700,369	6,700,369
Total	\$ 155,966,067	\$ 32,191,255	\$ 81,430,631	\$ 269,587,953

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	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	\$ 78,967,416	\$ -	\$ -	\$ 78,967,416
Investments:				
Cash Equivalents	227,017	-	-	227,017
Equity	4,825,253	-	-	4,825,253
Mutual Fund				
Domestic Large Cap Equities	47,330,257	-	-	47,330,257
Fixed Income	39,211,484	-	-	39,211,484
International Equity	6,946,557	-	-	6,946,557
Alternative Investments				
International Equity				
Asia ex Japan	-	7,718,765	3,853,469	11,572,234
Europe, Australasia, Far East	-	6,973,852	-	6,973,852
Global	-	13,118,442	-	13,118,442
Hedged Equity Funds				
Long/Short Equity	-	-	26,038,042	26,038,042
Absolute Return				
Global Multi-Strategy	-	-	19,869,832	19,869,832
Credit and Event-Driven	-	-	15,301,150	15,301,150
Global Fixed Income				
Arbitrage	-	-	6,861,720	6,861,720
Total	\$ 177,507,984	\$ 27,811,059	\$ 71,924,213	\$ 277,243,256

In general, for Level 2 and Level 3 investments, the Foundation utilizes the investment manager of the asset to provide a valuation estimate based on techniques discussed later and processes which have been reviewed for propriety and consistency with consideration given to asset type and investment strategy. In addition, the Foundation may also use established processes for determining the fair value of such securities which reflect the Foundation's own assumptions to value the assets as well. Management makes best estimates based on the information available. The following estimates and assumptions were used to determine the fair value of each class of financial instruments listed above:

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

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

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- *Publicly-traded securities* – These investments are equity-focused funds with common and preferred stock of both domestic and international companies. The publicly-traded equity investments include domestic large and small cap equities mutual funds, separately managed accounts, and alternative investments focused on international equity in the Asia ex Japan, Europe and emerging markets regions. The mutual funds exist in an active market and are classified as Level 1. The underlying securities of the separately managed accounts are all classified as Level 1. The alternative investments have significant transparency in underlying securities and are classified as Level 2 or Level 3, depending on redemption restrictions. Funds with redemption periods greater than 90 days are classified as Level 3. Although the underlying securities of these alternative investments are publicly traded, the funds themselves are not. The fair values of these investments have been estimated using the net asset value (NAV) per share or UNF's percentage of ownership interest.
- *Privately-held securities* – These equity investments include alternative investments with strategies focused on the Asia ex Japan region, Europe, Australasia, and Far East region, and hedged equity. These funds are privately held and trade infrequently. The valuations are calculated by the investment manager based on valuation techniques that take into account each fund's underlying assets and include traditional valuation methods such as the market, cost and income approaches. The valuation policies adopted by the manager are reviewed by the Foundation for propriety, consistency, compliance and completeness. Funds with limited transparency in all underlying investments, other than the quoted prices in active markets, or redemption periods greater than 90 days, and that are valued using significant unobservable inputs are classified as Level 3. In the case of private equity investments, there are limited options to transfer or withdraw from these funds prior to their termination. Inputs used to determine fair value are based upon the best available information provided by the partnerships/funds and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. The fair values of these investments have been estimated using the net asset value (NAV) per share or UNF's percentage of ownership interest.

Fixed Income – The Foundation's fixed income investments include a fixed income mutual fund and a global fixed income arbitrage limited partnership. As a publicly traded vehicle, the mutual fund is categorized as Level 1. The limited partnership, with limited transparency in all underlying investments and significant unobservable pricing inputs, is categorized as Level 3. The fair values of these investments have been estimated using the net asset value (NAV) per share or UNF's percentage of ownership interest.

Absolute Return – Absolute Return investments include but are not limited to separately held accounts in investment funds and limited partnership holdings. These assets are comprised of global multi-strategy and credit and event-driven investments. All Absolute Return investments are categorized as Level 3 due to the limited transparency in all underlying investments and significant unobservable pricing inputs. The fair values of these investments have been estimated using the net asset value (NAV) per share or UNF's percentage of ownership interest.

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

The following table summarizes redemption restrictions associated with each investment type as of December 31, 2014 and 2013:

Schedule of Investments - Redemption Dates

Investment	Fair Value 12/31/2014	Fair Value 12/31/2013	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Pooled Investment Vehicles				
Cash Equivalents	\$ 521,141	\$ 227,017	daily	daily
Equity	20,143,019	4,825,253	daily	daily
Mutual Fund	36,949,593	47,330,257	daily	daily
Domestic Large Cap Equities	36,097,880	39,211,484	daily	daily
Fixed Income	6,729,516	6,946,557	semi-monthly	daily
International Equity				
Alternative Investments				
International Equity	4,014,358	3,853,469	quarterly	30 days
Asia ex Japan				
Asia ex Japan	8,127,025	7,718,765	monthly	30 days
Europe, Australasia, Far East	3,843,775	2,837,580	monthly	10 days
Global	17,529,701	4,136,272	quarterly	30 days
Hedged Equity	2,690,754	13,118,442	quarterly	90 days
Long/Short Equity	6,579,975	6,419,824	annually	60 days
Long/Short Equity	6,654,967	6,159,006	tri-annually	60 days
Long/Short Equity	9,199,318	8,219,187	1/5 quarterly 4/5 tri-annually	30 days
Long/Short Equity	5,661,856	5,240,025	monthly	30 days
Long/Short Equity	6,176,251	-	quarterly starting in April 2015	45 days
Absolute Return				
Global Multi-Strategy	4,927,664	5,298,910	quarterly	60 days
Global Multi-Strategy	8,525,244	8,157,219	quarterly	65 days
Global Multi-Strategy	6,783,527	6,413,703	1/3 annually	65 days
Credit and Event-Driven	9,290,864	8,763,937	1/4 quarterly	65 days
Credit and Event-Driven	6,916,238	6,537,213	monthly	90 days
Global Fixed Income				
Arbitrage	6,700,369	6,861,720	1/3 annually	90 days
Total	\$ 214,063,035	\$ 198,275,840		

There was \$19,761 and \$31,578 in unfunded commitments related to investments held by UNF as of December 31, 2014 and 2013, respectively.

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

The following table is a roll forward of the statement of financial position amounts for financial instruments classified by the Foundation within Level 3 of the fair value hierarchy defined above for the years ended December 31, 2014 and 2013:

	Alternative Investments International Equity - Asia ex Japan	Alternative Investments Hedged Equity Funds - Long/Short Equity	Alternative Investments Absolute Return - Global Multi- Strategy	Alternative Investments Absolute Return Credit and Event-Driven	Alternative Investments Global Fixed Income Arbitrage
Fair Value of Level 3 Assets at December 31, 2013	\$ 3,853,469	\$ 26,038,042	\$ 19,869,832	\$ 15,301,150	\$ 6,861,720
Net realized/unrealized gains (losses)	160,889	2,210,716	366,603	905,952	(161,351)
Reinvested income/dividends	-	23,610	-	-	-
Purchases, sales, issuances, and settlements	-	6,000,000	-	-	-
Transfers in/(out) of Level 3	-	-	-	-	-
Fair Value of Level 3 Assets at December 31, 2014	<u>\$ 4,014,358</u>	<u>\$ 34,272,368</u>	<u>\$ 20,236,435</u>	<u>\$ 16,207,102</u>	<u>\$ 6,700,369</u>
	Alternative Investments International Equity - Asia ex Japan	Alternative Investments Hedged Equity Funds - Long/Short Equity	Alternative Investments Absolute Return - Global Multi- Strategy	Alternative Investments Absolute Return Credit and Event-Driven	Alternative Investments Global Fixed Income Arbitrage
Fair Value of Level 3 Assets at December 31, 2012	\$ 2,706,054	\$ 16,860,381	\$ 10,891,128	\$ 11,712,787	\$ 7,108,338
Net realized/unrealized gains (losses)	147,415	3,630,661	1,978,704	1,588,363	(246,618)
Reinvested income/dividends	-	-	-	-	-
Purchases, sales, issuances, and settlements	1,000,000	5,547,000	7,000,000	2,000,000	-
Transfers in/(out) of Level 3	-	-	-	-	-
Fair Value of Level 3 Assets at December 31, 2013	<u>\$ 3,853,469</u>	<u>\$ 26,038,042</u>	<u>\$ 19,869,832</u>	<u>\$ 15,301,150</u>	<u>\$ 6,861,720</u>

UNITED NATIONS FOUNDATION, INC.
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Realized and unrealized gains and losses recorded for Level 3 investments are included in “Net realized and unrealized gains (losses) on investments and other, net” on the Consolidated Statement of Activities and Changes in Net Assets. Total change in unrealized gains/(losses) for Level 3 investments were (\$3,615,716) and \$3,068,287 for the periods ending December 31, 2014 and 2013, respectively.

There were no transfers between Levels 1, 2, or 3 for the years ended December 31, 2014 and 2013. Transfers from Level 3 to Level 2 typically involve investments, or portions of investments, in commingled vehicles having redemption terms that provide for liquidity within the 12 months following the reporting period. The Foundation’s policy is to recognize transfers as of the end of the year.

The following tables present assets measured at fair value on a recurring basis for the years ended December 31, 2014 and 2013:

	2014	
	<u>Cash and cash equivalents</u>	<u>Investments</u>
Items reported at fair value	\$ 55,524,918	\$ 214,063,035
Items not subject to fair value reporting	<u>10,302,435</u>	<u>-</u>
Total	\$ 65,827,353	\$ 214,063,035

	2013	
	<u>Cash and cash equivalents</u>	<u>Investments</u>
Items reported at fair value	\$ 78,967,416	\$ 198,275,840
Items not subject to fair value reporting	<u>3,789,102</u>	<u>-</u>
Total	\$ 82,756,518	\$ 198,275,840

Items not subject to fair value reporting consist of the cash deposits.

UNITED NATIONS FOUNDATION, INC.
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For the Years Ended December 31, 2014 and 2013

The fair value and cost of investments held by Funds in which UNF invests at December 31, 2014 and 2013 were as follows:

	Year ended 12/31/2014		Year ended 12/31/2013	
	Fair Value	Cost	Fair Value	Cost
Cash Equivalents	\$ 521,141	\$ 521,141	\$ 227,017	\$ 227,017
Equity	20,143,019	19,154,162	4,825,253	4,040,359
Mutual Fund				
Domestic Large Cap Equities	36,949,593	31,409,308	47,330,257	34,731,541
Fixed Income	36,097,880	36,785,176	39,211,484	40,292,454
International Equity	6,729,516	6,891,124	6,946,557	6,822,032
Alternative Investments				
International Equity				
Asia ex Japan	12,141,383	10,250,000	11,572,234	10,250,000
Europe, Australasia, Far East	3,843,775	4,069,107	6,973,852	6,502,439
Global	17,529,701	13,500,000	13,118,442	13,500,000
Hedged Equity Funds				
Long/Short Equity	36,963,121	29,070,610	26,038,042	20,547,000
Absolute Return				
Global Multi-Strategy	20,236,435	17,000,000	19,869,832	17,000,000
Credit and Event-Driven	16,207,102	12,000,000	15,301,150	12,000,000
Global Fixed Income				
Arbitrage	6,700,369	5,000,035	6,861,720	5,000,035
Total	\$ 214,063,035	\$ 185,650,663	\$ 198,275,840	\$ 170,912,877

4. Contributions Receivable

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

	2014	2013
Less than one year	\$ 43,599,797	\$ 20,291,072
One year to five years	47,070,795	63,086,162
	90,670,592	83,377,234
Less: Discount to net present value	(1,924,642)	(2,721,128)
Total contributions receivable, net	\$ 88,745,950	\$ 80,656,106

Net contributions receivable as of December 31, 2014 included amounts of approximately \$31.4 million, \$29.1 million, \$10.7 million, \$4 million, \$3.8 million and \$2.1 million from six donors. Net contributions receivable as of December 31, 2013 included amounts of approximately \$28.3 million, \$21.3 million, \$19.3 million, \$4.9 million, \$4.6 million and \$2.4 million from six donors.

Contributions receivable which are expected to be received in future years are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to any other similar non-profit organizations. Discount rates are based on market participants and range from 1.82% to 3.20%.

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

5. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Land	\$ 138,175	\$ 138,175
Leasehold improvements	7,338,820	6,344,008
Equipment	348,234	654,940
Furniture and fixtures	<u>2,613,996</u>	<u>2,741,095</u>
	10,439,225	9,878,218
Less: Accumulated depreciation	<u>(1,275,062)</u>	<u>(800,366)</u>
Total property and equipment, net	<u>\$ 9,164,163</u>	<u>\$ 9,077,852</u>

6. Leases

UNF leases office space and equipment under operating leases expiring at various dates through December 31, 2028. The office leases are subject to annual escalation amounts as set forth in the lease agreements. Rent expense of \$4,313,962 and \$5,711,494 was recognized for the years ended December 31, 2014 and 2013, respectively, on a straight-line basis. The following is a schedule of anticipated future minimum rental payments as of December 31, 2014, pursuant to lease agreements:

Year ending December 31,

2015	\$ 4,547,073
2016	4,663,156
2017	4,764,870
2018	4,879,339
2019	5,099,768
Thereafter	<u>48,271,434</u>
	<u>\$ 72,225,640</u>

Rental payments are subject to a cost-sharing agreement with BWF, which is further described in Note 10.

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

7. 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>
Children's Health	83,873,480	96,980,695
Environment	20,428,135	15,230,729
Global AIDS Fund	3,263,057	18,080,209
Malaria	971,065	1,074,450
Other	4,313,446	2,199,635
Women and Population	<u>22,328,574</u>	<u>20,568,469</u>
	<u>\$ 135,177,757</u>	<u>\$ 154,134,187</u>

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

8. Release of Temporarily Restricted Net Assets

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

	<u>2014</u>	<u>2013</u>
Children's Health	49,640,643	61,063,602
Disaster Relief	195,448	1,238
Environment	18,817,273	14,319,875
Global AIDS Fund	16,543,129	2,750,828
Malaria	2,498,650	1,801,178
Other	3,929,420	3,307,985
Women and Population	<u>10,841,622</u>	<u>7,433,925</u>
	<u>\$ 102,466,185</u>	<u>\$ 90,678,631</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, 2014 and 2013, UNF contributed under this plan in the amount of \$1,147,853 and \$992,790, respectively. Payments were subject to a cost-sharing agreement with BWF, which is further described in Note 10.

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

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 2014 and 2013, grants unconditionally approved to UNFIP and included in program services in the Statements of Activities and Changes in Net Assets were \$49,766,771 and \$47,288,362 respectively. Included in the grants unconditionally approved to UNFIP during 2014 and 2013 are administrative and project fees of \$1,500,000 and \$1,500,000, respectively. At December 31, 2014 and 2013, unexpended grants of \$0 and \$65,400, respectively are committed to UNFIP.

Contribution

Contributions in the amount of \$33,902,284 and \$50,000,000 were received through the donation of cash from Ted Turner, Chairman of UNF Board of Directors, for the years ended December 31, 2014 and 2013, respectively. For the year ended December 31, 2014 and 2013, \$450,000 and \$500,000, respectively, was received from the Turner Foundation, a related party. Contributions of \$0 and \$126,295 were received through donations of cash from the BWF for the years ended December 31, 2014 and 2013, respectively.

Grants

UNF approved grants totaling \$54,268,757 and \$53,390,248 to affiliated organizations during 2014 and 2013, respectively. At December 31, 2014 and December 31, 2013 no unexpended grants remained payable to affiliated organizations.

Cost-sharing agreement

UNF and BWF have a cost-sharing agreement whereby operating costs are shared based upon the relative portions of annual grant making, employee time incurred, or labor costs, depending on the type of expenditure. During 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 UNF as "Due from 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 \$2,181,180 of payables and \$1,333,645 of receivables) and \$577,146 (consisting of \$715,919 of payables and \$1,293,065 of receivables), respectively, were receivable by UNF from BWF and included in "Due from an Affiliate" in the Statements of Financial Position.

UNITED NATIONS FOUNDATION, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

11. Revision of the Financial Statements

UNF has revised its financial statements as of and for the year-ended December 31, 2013 to correct certain amounts previously reported. In 2013, UNF received government grants and recorded these grants as Temporarily Restricted Contribution Revenue in the Statements 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-end December 31, 2013, UNF revised to correct previously reported Temporarily Restricted Contribution Revenue to Government Grant Revenue of \$5,186,592. In addition, UNF reduced Temporarily Restricted Contribution Revenue and Contribution Receivables by \$3,677,189. Management concluded these revisions are not material to the previously issued financial statements.

12. Subsequent Events

UNF 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

UNITED NATIONS FOUNDATION, INC.
Schedule of Functional Expenses
For the Years Ended December 31, 2014 and 2013

	Program Services					Supporting Services					
	Children's Health	Environment	Peace, Security & Human Rights	Women & Population	UN Strengthening	Total Program Services	General & Administrative	Fundraising	Total Supporting Services	2014 Total Expenses	2013 Total Expenses
Personnel Expenses	\$ 9,649,385	\$ 3,774,126	\$ 10,369	\$ 3,416,066	\$ 1,831,862	\$ 18,681,808	\$ 3,191,684	\$ 2,839,230	\$ 6,030,914	\$ 24,712,722	\$ 21,317,212
Professional Fees	7,371,618	8,007,235	5,985	3,042,400	2,517,248	20,944,486	3,498,960	1,614,600	5,113,560	26,058,046	24,557,702
Occupancy	1,771,349	31,191	3,915	147,753	94,758	2,048,966	1,688,885	872,989	2,561,874	4,610,840	6,281,663
Information Technology	47,780	5,694	88	2,177	3,019	58,758	54,309	4,100	58,409	117,167	120,729
Communications	168,762	54,774	291	41,097	15,694	280,618	64,539	68,529	133,068	413,686	322,413
Postage & Delivery	34,985	15,067	60	17,588	4,269	71,969	24,266	15,580	39,846	111,815	156,591
Printing & Reproduction	79,672	89,559	37	59,842	12,105	241,215	45,923	40,437	86,360	327,575	299,386
Insurance	47,267	830	105	1,802	2,529	52,533	40,261	20,970	61,231	113,764	186,121
Travel	1,887,681	762,503	1,769	995,673	767,317	4,414,943	419,732	477,970	897,702	5,312,645	5,246,041
Other Operating	1,640,091	984,398	2,535	399,944	341,845	3,368,813	1,564,239	550,501	2,114,740	5,483,553	4,026,489
Grant Expense	72,581,473	1,274,177	160,443	2,767,292	3,883,250	80,666,635	-	-	-	80,666,635	75,324,528
Total Expenses	\$ 95,280,063	\$ 14,999,554	\$ 185,597	\$ 10,891,634	\$ 9,473,896	\$ 130,830,744	\$ 10,592,798	\$ 6,504,906	\$ 17,097,704	\$ 147,928,448	\$ 137,838,875