UNITED NATIONS FOUNDATION, INC.

Financial Statements

December 31, 2008 and 2007

UNITED NATIONS FOUNDATION, INC.
Index

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
1800 Tysons Boulevard
McLean VA 22102-4261
Telephone (703) 918 3000
Facsimile (703) 918 3100

Report of Independent Auditors

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

In our opinion, the accompanying statements of financial position and the related statements of activities and changes in net assets, and cash flows present fairly, in all material respects, the financial position of United Nations Foundation, Inc. (the "Foundation" or "UNF"), at December 31, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In fiscal year 2008, as discussed in Note 2 and Note 3, the Foundation adopted FASB Statement No. 157 (FAS 157), *Fair Value Measurements*.

Our audits were conducted for the purpose of forming an opinion on the basic 2008 and 2007 financial statements taken as a whole. The 2008 and 2007 supplemental schedules of functional expenses are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Foundation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

March 13, 2009

UNITED NATIONS FOUNDATION, INC.
Statements of Financial Position
As of December 31, 2008 and 2007

	2008	2007
Assets		
Cash and cash equivalents	$ 89,760,260	$ 117,505,423
Accounts receivable:		
Due from an affiliate	1,608,641	443,360
Other, less allowance for doubtful accounts of $0 and $1,940, for the years ended December 31, 2008 and 2007, respectively.	3,630,771	1,657,812
Contributions receivable, net	43,925,803	43,080,544
Prepaid expenses and deposits	361,037	175,284
Short term investment	104,573	101,627
Donated art works	-	37,881,000
Property and equipment, net	2,173,088	2,469,238
Total assets	$ 141,564,173	$ 203,314,288
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 1,841,391	$ 1,167,223
Unexpended grants, net	25,264,830	59,093,939
Deferred rent and landlord allowance	1,059,349	1,107,905
Total liabilities	28,165,570	61,369,067
Net assets		
Unrestricted net assets (excluding cumulative translation adjustment)	61,959,821	41,293,605
Cumulative translation adjustment	-	5,966
Temporarily restricted net assets	51,438,782	100,645,650
Total net assets	113,398,603	141,945,221
Total liabilities and net assets	$ 141,564,173	$ 203,314,288

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

UNITED NATIONS FOUNDATION, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2008 and 2007

	2008	2007
Change in unrestricted net assets		
Revenues:		
Contributions from a related party	$ 40,625,000	$ 31,480,894
Contributions from third parties	350,400	2,180,995
Interest and dividends	5,226,296	4,266,856
Other	68,623	33,526
Total unrestricted revenues	46,270,319	37,962,271
Net assets released from restriction	114,424,305	59,924,096
Total unrestricted revenues and other support	160,694,624	97,886,367
Expenses:		
Program services	130,119,175	73,097,011
General and administrative	4,521,106	3,468,017
Fund raising	5,388,127	4,013,712
Total expenses	140,028,408	80,578,740
Change in unrestricted net assets	20,666,216	17,307,627
Unrestricted net assets, beginning of year	41,293,605	23,985,978
Unrestricted net assets, end of year	61,959,821	41,293,605
Change in temporarily restricted net assets		
Contributions from third parties	65,844,728	98,732,286
Contributions from a related party	272,998	1,280,000
Interest and dividends	1,159,046	1,939,439
Donated art work	1,024,516	37,881,000
Bad debt	(196,097)	(500,000)
Other deductions	(200,000)	-
Unrealized foreign currency exchange loss	(2,687,754)	-
Net assets released from restriction	(114,424,305)	(59,924,096)
Change in temporarily restricted net assets	(49,206,868)	79,408,629
Temporarily restricted net assets, beginning of year	100,645,650	21,237,021
Temporarily restricted net assets, end of year	51,438,782	100,645,650
Change in net assets (excluding change in translation adjustment)	(28,540,652)	96,716,256
Change in translation adjustment	(5,966)	6,266
Net assets, beginning of year (including cumulative translation adjustment)	141,945,221	45,222,699
Net assets, end of year	$ 113,398,603	$ 141,945,221

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

UNITED NATIONS FOUNDATION, INC.
Statement of Cash Flows
December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Change in net assets	$ (28,540,652)	$ 96,716,256
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	411,633	443,968
Bad debt	196,097	718,330
Other deductions	200,000	-
Allowance for doubtful accounts	(1,940)	-
Accretion on the contributions receivable	(1,407,425)	(1,227,447)
Discount on contributions receivable	1,023,353	2,202,268
Amoritization of discount on grants payable	939,905	3,906,252
Discount on grants payable	(218,732)	(1,091,515)
Accretion of deferred rent	(60,567)	(74,239)
Donated securities	(9,378)	(22,238)
Donated art works	-	(37,881,000)
Realized loss on sale of securities	76,795	-
Unrealized foreign currency exchange loss	2,568,789	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable due from an affiliate	(1,166,773)	287,716
(Increase) decrease in accounts receivable other, net	(1,971,019)	281,349
(Increase) decrease in contributions receivable	(3,426,073)	115,733,411
(Increase) decrease in prepaid expenses and deposits	(185,753)	36,123
Decrease in donated artwork	37,881,000	-
Increase (decrease) in accounts payable and accured expenses	674,168	(831,747)
Decrease in unexpended grants	(34,550,282)	(122,098,773)
Increase in deferred rent	12,011	33,377
Net cash (used in) provided by operating activities	(27,554,843)	57,132,091
Cash flows from investing activities		
Proceeds from sale of donated securities	9,378	22,238
Purchase of short term investment	(2,946)	(4,303)
Purchase of securities	(43,000,000)	-
Proceeds from the sale of securities	42,923,205	-
Purchases of property and equipment	(113,991)	(938,291)
Net cash used in investing activities	(184,354)	(920,356)
Effect of cumulative translation adjustment on cash	(5,966)	6,266
Net (decrease) increase in cash and cash equivalents	(27,745,163)	56,218,001
Cash and cash equivalents, beginning of year	117,505,423	61,287,422
Cash and cash equivalents, end of year	$ 89,760,260	$ 117,505,423
Supplemental information :		
Transfer of fixed assets from an affiliate	$ 1,492	$ 34,051
Donated securities	$ 9,378	$ 22,238

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

1. Description of the Organization

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

2. Summary of Significant Accounting Policies

Basis of presentation
The accompanying financial statements have been prepared on the accrual basis of accounting.

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. Of the total unrestricted net assets, $4,183,916 and $2,217,979 have been designated as grant matching funds as of December 31, 2008 and 2007, respectively.

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 Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Recently Adopted Accounting Standard
In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 applies whenever another standard requires or permits assets or liabilities to be measured at fair value, and does not expand the use of fair value to any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. On February 12, 2008 the FASB approved the FSP No. SFAS 157-2, Effective Date of *FASB Statement No. 157 ("FSP FAS 157-2"),* which delays the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for non-

financial assets and non-financial liabilities, except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). See Note 3 for the disclosure of the fair value of qualifying financial assets as required by SFAS 157.

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 Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Conditional promises to give are recognized when the conditions stipulated by the donor are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote. If the possibility that the condition will not be met is deemed possible or probable by management, then UNF does not recognize the conditional promise to give. As of December 31, 2007, UNF had conditional promises to give of $11,905,800. As of December 31, 2008, there were no such conditional promises to give.

Unconditional promises to give involve fair value measurement only upon initial recognition. Unconditional promises to give, recorded in 2007 and prior years which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities.

Unconditional promises to give, recorded in 2008 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 SFAS 157. While the Foundation does not expect to sell its promises to give, it has made assumptions that a market participant would use in pricing unconditional promises for purposes of determining fair value as a market-based measurement.

Unconditional promises to give that are expected to be received in future years, which are denominated in foreign currency, are recorded in U.S. dollars and are remeasured annually at the prevailing year-end exchange rate.

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, recorded in 2007 and prior years which are expected to be paid in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities.

Grants payable, recorded in 2008 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 SFAS 157. While the Foundation does not expect to sell grants payable, it has made assumptions that a market participant would use in pricing grants payable for purposes of determining fair value as a market-based measurement.

At the end of the approved grant term and upon completion of UNF's internal grant modification/closing process, any remaining grants payable balances are reversed in the period in which they are closed. In 2008 and 2007, grants payable and grant expense were reversed in the net amounts of $226,839 and $941,102, respectively. As of December 31, 2008 and 2007, unexpended grants on the Statement of Financial Position include approximately $7.9 million and $32.2 million, respectively, for grants payable with expired terms or no immediate future projected payments. UNF expects to pay or close these grants within one year from the year-end date and has been classified accordingly in Note 6.

Gift in kind
Gift in kind is recorded at estimated fair value at the date the donation is received.

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 no donated services for the years ended December 31, 2008 and 2007.

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 2008 and 2007. 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.

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.

Foreign Currency
All foreign currency transactions, if any, are converted and accounted for in United States dollars on the date of the respective transaction. All monetary assets and liabilities held in foreign currencies, if any, are translated using the rate of exchange at the balance sheet date and the

resulting unrealized foreign currency exchange gain or loss is recognized.

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.

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 that 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 $95,000 in lieu of a security deposit for the building in 2006.

During 2008, 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. The new office lease has a term of eight years and four months that expires in 2017.

Landlord Allowance
As an incentive for entering into the lease agreement for its office in Washington, DC, UNF received a cash allowance of $624,840 from the landlord in 2006. The value of this allowance payment is amortized over the eight-year life of the lease. As of December 31, 2008 and 2007, $448,524 and $522,762 is included in deferred rent on the statement of financial position as unamortized landlord allowance.

Investments
Investments are recorded at fair value based on quoted market prices. Short term investments on the statements of financial position include a certificate of deposit with original maturity exceeding 90 days.

Donated gifts of securities are recorded based on estimated fair value at the date the donation is received.

In 2008, a net realized loss of $76,795 was recorded on the sale of securities included in "Other" unrestricted revenue on the Statement of Activities for the year ended December 31, 2008. There was no realized gain or loss on the sale of securities in 2007.

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.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation 48

("FIN 48"), Accounting for Uncertainty in Income Taxes - an interpretation of FASB statement No. 109. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification and other matters. On December 30, 2008, the Financial Accounting Standards Board released Financial Staff Position ("FSP") FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Non-public Enterprises. The FSP defers the effective date of FIN 48 for certain non-public enterprises for fiscal years beginning after December 15, 2008.UNF will adopt FIN 48 for fiscal year 2009. UNF is currently assessing the impact of the adoption of FIN 48 and does not believe that the adoption will have a material effect on its financial position, results of operations or cash flows.

Concentration of credit risk
Financial instruments, which potentially subject UNF to a concentration of credit risk, consist of cash and demand deposits placed with three 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, 2008 and 2007, the aggregate balances in excess of the insurance limits were approximately $89.3 million and $117.3 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.

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, during the reporting period. Actual results could differ from those estimates.

3. Fair Value Measurements

Effective January 1, 2008, UNF adopted the provisions of FASB Statement No. 157, *Fair Value Measurements* (SFAS 157), which defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. SFAS 157 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. SFAS 157 expands disclosures about instruments measured at fair value. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, SFAS 157 does not require any new fair value measurements. Adopting SFAS 157 did not have a material impact on the financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115 ("SFAS 159")*, which, among other things, provides an option to elect fair value as an alternative measurement for selected financial assets and liabilities not previously recorded at fair value. As of December

31, 2008, UNF did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

As noted above, SFAS 157 establishes a three level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1- inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurements.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents the financial instruments carried at fair value as of December 31, 2008, by caption on the statement of financial position by the SFAS 157 valuation hierarchy defined above:

Assets	Level 1
Cash and cash equivalents	$ 89,760,260
Short term investments	104,573
	$ 89,864,833

Following is a description of the Foundation's valuation methodologies for assets measured at fair value. Fair value for Level 1 is based upon quoted market price. Inputs are obtained from various sources including market participants, dealers, brokers and financial institutions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

4. Contributions Receivable

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

	2008	2007
Less than one year	$ 30,331,576	$ 25,718,727
One year to five years	15,574,337	19,725,999
	45,905,913	45,444,726
Less: Discount to net present value	(1,980,110)	(2,364,182)
Total contributions receivable, net	$ 43,925,803	$ 43,080,544

Net contributions receivable as of December 31, 2008 and 2007 included an amount of approximately $25 million and $24.2 million , respectively, receivable from one donor.

5. Property and Equipment

Property and equipment consisted of the following at December 31:

	2008	2007
Land	$ 138,175	$ 138,175
Leasehold improvements	2,497,017	2,488,160
Equipment	809,665	793,640
Furniture and fixtures	221,269	221,269
	3,666,126	3,641,244
Less: Accumulated depreciation	(1,493,038)	(1,172,006)
Total property and equipment, net	$ 2,173,088	$ 2,469,238

6. Unexpended Grants

Unexpended grants at December 31 are due over a period of several years and are payable as follows:

	2008	2007
Less than one year	$ 19,320,410	$ 47,626,463
One year to five years	6,756,016	13,000,245
	26,076,426	60,626,708
Less: Discount to net present value	(811,596)	(1,532,769)
Total unexpended grants, net	$ 25,264,830	$ 59,093,939

7. Leases

UNF leases office space and equipment under operating leases expiring at various dates through 2017. The office leases are subject to annual escalation amounts as set forth in the lease agreements. Rent expense of $1,201,129 and $1,466,184 was recognized for the years ended December 31, 2008 and 2007, respectively, on a straight-line basis. The following is a schedule of anticipated future minimum rental payments as of December 31, 2008, pursuant to lease agreements:

Year ending December 31,	
2009	1,702,180
2010	1,666,324
2011	1,705,251
2012	1,786,640
2013	1,829,258
Thereafter	2,916,682
	$ 11,606,335

Current and future rental payments are subject to a cost-sharing agreement with BWF, which is further described in Note 11.

8. Temporarily Restricted Net Assets

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

	2008	2007
Apathy is Lethal	$ 96,040	$ 188,454
Global AIDS Fund	3,215,190	40,827,612
Campaign to Eradicate Polio	59,825	114,967
Children's Health	22,308,631	35,697,156
Environment	3,173,222	4,128,556
Peace, Security, and Human Rights	6,200	6,200
Women and Population	3,708,602	1,219,637
Indian Diaspora	86,886	86,886
Malaria	5,077,709	7,365,293
Disaster Relief	140,299	437,943
Vodafone Partnership	8,531,274	4,059,622
Time Restriction	3,970,533	5,809,397
Other	1,064,371	703,927
	$ 51,438,782	$ 100,645,650

9. Release of Temporarily Restricted Net Assets

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

	2008	2007
Apathy is Lethal	$ 94,215	$ -
Global AIDS Fund	45,736,580	666,466
Campaign to Eradicate Polio	60,000	9,042,457
Children's Health	41,313,694	7,653,556
Environment	3,801,415	31,636,604
Peace, Security, and Human Rights	74,410	13,741
Women and Population	2,134,501	2,661,620
Indian Diaspora	-	2,219
Malaria	11,229,548	4,005,677
Disaster Relief	1,063,796	270,474
Vodafone Partnership	4,540,354	1,041,279
Time Restriction	3,072,512	2,225,663
Other	1,303,280	704,340
	$ 114,424,305	$ 59,924,096

10. 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, 2008 and 2007, UNF contributed under this plan in the amount of $419,621 and $370,321, respectively. Payments were subject to a cost-sharing agreement with BWF, which is further described in Note 11.

11. Related Parties

Relationship with United Nations

On February 2, 1998, UNF and the United Nations entered into a Relationship Agreement whereby the United Nations 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 United Nations by providing grants to the United Nations to assist in its goals and objectives, undertake fundraising efforts to support United Nation's projects and activities, and engage in or provide support to activities designed to increase public awareness and support for the United Nations. The United Nations 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 United Nations 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 United Nations. During 2008 and 2007, grants unconditionally approved to UNFIP and included in program services in the Statement of Activities and Changes in Net Assets were $63,679,828 and $47,009,740, respectively. Included in the grants unconditionally approved to UNFIP during 2008 and 2007 are administrative and project fees of $1,500,000 and $1,800,000, respectively. At December 31, 2008 and 2007, unexpended grants of $25,448,015 and $59,935,442, respectively are committed to UNFIP.

Contribution

Contribution in the amount of $40,625,000 and $31,480,894 was received through the donation of cash from Ted Turner, Chairman of UNF Board of Directors, for the years ended December 31, 2008 and 2007, respectively. Contributions of $272,998 and $1,280,000 were also received through the donation of cash from the BWF for the years ended December 31, 2008 and 2007, respectively.

Grants

UNF approved grants totaling $636,270 to affiliated organizations during 2007. There were no such grants approved by UNF during 2008. At December 31, 2008 and 2007, 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 2008 and 2007, $559,735 and $1,727,076, 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 93% : 7% and 85% : 15% for the years ended December 31, 2008 and 2007, respectively. At December 31, 2008 and 2007, $1,608,641 and $443,360, respectively, were receivable by UNF included in "Due from an Affiliate" in the Statement of Financial Position.

12. Donated Art Work

The Foundation received a donation of 73 pieces of art work in 2007 and 10 pieces of art work in 2008 from various artists. A charity art auction was held on February 14, 2008, through Sotheby's auction lounge in New York, to sell the entire 83 pieces of art work. A total of 72 from the original 73 pieces donated to the Foundation were sold and generated net revenue in the amount of $37,681,000. Accordingly, the Foundation recognized $37,681,000 plus an estimated value of $200,000 for the one unsold piece as temporarily restricted revenue for the year ended December 31, 2007. The unsold piece was returned to the donor in 2008 at which time the contribution revenue of $200,000 recognized in 2007 was reversed. The additional 10 pieces also were sold in their entirety during the February 2008 auction. The ownership of the additional 10 pieces of the art works passed on to the Foundation when these pieces were received in 2008. Therefore, the realized net revenue of approximately $1.03 million on sale of these 10 additional pieces was accounted for as temporarily restricted contribution revenue in 2008. The proceeds from the entire sale were directed to the Foundation's fund in support of HIV/AIDS relief programs in Africa.

13. Contingencies and Commitments

During 2008, a third-party not-for-profit organization, through one of its programs, desired to make loans to selected enterprises in order to support their growth and viability. In light of UNF's interest in the success of that program, UNF entered into a Guarantee Agreement with this organization in September 2008. Under this agreement, UNF guaranteed any loans outstanding from time to time, subject to certain limits on the maximum aggregate amount of payments.

The terms of the agreement stipulate that UNF, acting as the guarantor, may be required to pay the other not-for-profit organization, acting as the beneficiary, for obligations of the borrowers to the beneficiary under this agreement to a maximum guarantee ceiling in total of $415,537 in connection with principal, interest and reasonable fees and expenses of counsel related to loan defaults under the Guarantee Agreement. The obligation of UNF, as the guarantor, will terminate on the earlier of (i) December 31, 2014 or (ii) on the date on which the last loan is repaid. As of December 31, 2008, there were no loans in default under this Guarantee Agreement, and therefore no contingency reserve was recorded by UNF.

Supplemental Schedule

UNITED NATIONS FOUNDATION, INC.
Schedule of Functional Expenses
For the Years Ended December 31, 2008 and 2007

	Program Services						Supporting Services				
	Children's Health	Environ -ment	Peace, Security & Human Rights	Women & Population	UN Streng-thening	Total Program Services	General & Admini-strative	Fund-raising	Total Supporting Services	2008 Total Expenses	2007 Total Expenses
Personnel Expenses	$ 3,797,418	$ 1,030,793	$ 143,593	$ 82,820	$ 145,827	$ 5,200,451	$ 1,959,101	$ 2,243,898	$ 4,202,999	$ 9,403,450	$ 7,179,685
Professional Fees	3,417,019	1,030,895	53,220	76,715	54,047	4,631,896	406,356	1,741,608	2,147,964	6,779,860	3,079,429
Occupancy	108,230	4,752	4,775	2,755	4,850	125,362	878,214	250,047	1,128,261	1,253,623	1,367,832
Information Technology	133,659	7,144	4,866	2,807	4,942	153,418	73,641	127,575	201,216	354,634	296,406
Communications	92,935	5,762	3,931	2,268	3,993	108,889	40,770	54,678	95,448	204,337	158,780
Postage & Delivery	57,021	6,698	1,751	1,010	1,778	68,258	12,945	44,276	57,221	125,479	101,826
Printing & Reproduction	77,145	102,355	2,343	1,352	2,381	185,576	12,480	64,305	76,785	262,361	152,943
Insurance	15,911	2,731	665	383	675	20,365	72,128	22,504	94,632	114,997	99,108
Travel	818,440	478,364	21,647	12,486	21,984	1,352,921	376,744	475,609	852,353	2,205,274	1,785,488
Other Operating	501,894	142,852	17,208	9,925	17,476	689,355	688,727	363,627	1,052,354	1,741,709	1,625,950
Grant Expense	101,513,408	4,457,266	4,479,342	2,583,581	4,549,087	117,582,684	-	-	-	117,582,684	64,731,293
Total Expenses	$110,533,080	$ 7,269,612	$ 4,733,341	$ 2,776,102	$ 4,807,040	$130,119,175	$ 4,521,106	$5,388,127	$9,909,233	$ 140,028,408	$ 80,578,740