



**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Consolidated Financial Statements and Supplemental Schedules

June 30, 2020

(With Summarized Comparative Financial Information for fiscal 2019)

(With Independent Auditors' Report Thereon)

## UNITED STATES FUND FOR UNICEF AND AFFILIATES

### Table of Contents

	<b>Page(s)</b>
Independent Auditors' Report	1-2
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Consolidated Statement of Functional Expenses	6
Notes to Consolidated Financial Statements	7-19
<b>Supplemental Schedules</b>	
A. Consolidating Schedule of Financial Position	20
B. Consolidating Schedule of Activities	21



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Directors  
United States Fund for UNICEF and Affiliates:

We have audited the accompanying consolidated financial statements of United States Fund for UNICEF and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United States Fund for UNICEF and Affiliates as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



*Report on Summarized Comparative Information*

We have previously audited the United States Fund for UNICEF and Affiliates 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Other Matter*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Schedules A and B is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*KPMG LLP*

November 16, 2020, except for our report on  
the supplementary information for which  
the date is December 18, 2020

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Consolidated Statement of Financial Position

June 30, 2020

(with summarized comparative financial information as of June 30, 2019)

Assets	2020	2019
Cash and cash equivalents	\$ 63,944,317	75,692,448
Investments (note 2)	68,115,046	50,455,931
Contributions receivable (note 3)	270,892,077	257,914,778
Prepaid expenses and other assets	1,596,360	1,782,231
Investments held for split-interest agreements (note 4)	10,038,380	9,380,353
Property and equipment, net (note 6)	31,035,750	32,033,475
Total assets	\$ 445,621,930	427,259,216
<b>Liabilities and Net Assets</b>		
Liabilities:		
Grants payable (note 5)	\$ 201,870,398	179,467,694
Accrued expenses and other liabilities (note 8(a))	13,082,382	10,431,247
Liabilities under split-interest agreements (note 4)	3,613,069	3,524,506
Loans payable (note 7)	44,933,900	36,750,000
Bonds payable, net (note 7)	32,644,654	34,183,527
Total liabilities	296,144,403	264,356,974
Net assets:		
Without donor restrictions	75,095,978	67,789,821
With donor restrictions (note 10)	74,381,549	95,112,421
Total net assets	149,477,527	162,902,242
Total liabilities and net assets	\$ 445,621,930	427,259,216

See accompanying notes to consolidated financial statements.

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Consolidated Statement of Activities

Year ended June 30, 2020

(with summarized comparative financial information for the year ended June 30, 2019)

	2020			2019
	Without donor restrictions	With donor restrictions	Total	Total
Public support and revenue:				
Public support:				
Contributions:				
Corporate	\$ 29,729,554	13,433,529	43,163,083	29,835,645
Major gifts	37,480,622	6,998,535	44,479,157	36,220,356
Foundations	122,469,073	25,833,057	148,302,130	146,327,820
Nongovernmental organizations (NGO)	89,533,614	—	89,533,614	93,629,897
Direct marketing	46,172,366	20,108	46,192,474	44,384,423
Trick-or-treat program	1,212,330	955	1,213,285	1,423,282
Internet	25,424,289	3,221	25,427,510	23,899,942
Other	65,818,165	33,950	65,852,115	28,625,300
Gifts-in-kind	143,605,944	—	143,605,944	140,566,704
Special events income, net of expenses of \$1,652,254 in 2020 and \$2,881,808 in 2019	8,685,421	47,500	8,732,921	7,961,951
Bequests and legacies	19,430,380	52,311	19,482,691	10,019,122
Provision for losses and discounts on restricted assets	—	(9,996,132)	(9,996,132)	(1,203,716)
Total public support	<u>589,561,758</u>	<u>36,427,034</u>	<u>625,988,792</u>	<u>561,690,726</u>
Revenue:				
Greeting cards revenue	1,142,803	—	1,142,803	2,097,458
Investment return (note 2)	3,638,729	—	3,638,729	4,024,170
Change in value of split-interest agreements	(153,806)	14,397	(139,409)	(237,617)
Total revenue	<u>4,627,726</u>	<u>14,397</u>	<u>4,642,123</u>	<u>5,884,011</u>
Net assets released from restrictions	<u>57,172,303</u>	<u>(57,172,303)</u>	<u>—</u>	<u>—</u>
Total public support, revenue, and net assets released from restrictions	<u>651,361,787</u>	<u>(20,730,872)</u>	<u>630,630,915</u>	<u>567,574,737</u>
Expenses:				
Program services:				
Grants to UNICEF and other nongovernmental organizations (NGOs) (note 5)	539,497,030	—	539,497,030	465,590,090
Public information, education, and program services	21,149,934	—	21,149,934	15,652,606
Advocacy	2,136,726	—	2,136,726	2,081,070
Total program services	<u>562,783,690</u>	<u>—</u>	<u>562,783,690</u>	<u>483,323,766</u>
Supporting services:				
Management and general	21,300,675	—	21,300,675	20,755,419
Fund-raising expenses	59,971,265	—	59,971,265	44,115,938
Total supporting services	<u>81,271,940</u>	<u>—</u>	<u>81,271,940</u>	<u>64,871,357</u>
Total expenses	<u>644,055,630</u>	<u>—</u>	<u>644,055,630</u>	<u>548,195,123</u>
Increase (decrease) in net assets	7,306,157	(20,730,872)	(13,424,715)	19,379,614
Net assets:				
Beginning of year	<u>67,789,821</u>	<u>95,112,421</u>	<u>162,902,242</u>	<u>143,522,628</u>
End of year	\$ <u>75,095,978</u>	<u>74,381,549</u>	<u>149,477,527</u>	<u>162,902,242</u>

See accompanying notes to consolidated financial statements.

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Consolidated Statement of Cash Flows

Year ended June 30, 2020

(with summarized comparative financial information for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (13,424,715)	19,379,614
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,468,910	2,490,117
Net appreciation in fair value of investments	(1,628,136)	(2,040,504)
Change in value of split-interest agreements	139,409	237,617
Endowment contributions	(10,000)	(10,000)
Changes in operating assets and liabilities:		
Contributions receivable	(11,634,799)	(6,663,422)
Prepaid expenses and other assets	185,871	(325,078)
Grants payable	21,060,204	(11,292,856)
Split-interest agreements assets	220,123	108,150
Accrued expenses and other liabilities	2,651,135	(1,085,328)
Net cash provided by operating activities	<u>28,002</u>	<u>798,310</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,428,122)	(264,896)
Proceeds from sales of investments	35,078,474	6,293,985
Purchases of investments	(52,656,126)	(5,584,611)
Net cash (used in) provided by investing activities	<u>(19,005,774)</u>	<u>444,478</u>
Cash flows from financing activities:		
Proceeds from endowment	10,000	10,000
Proceeds from contributions under split-interest agreements	655,000	65,000
Payments under split-interest agreements	(434,877)	(455,393)
Payment of bonds payable	(1,581,936)	(1,539,427)
Proceeds from loans	9,433,900	15,050,000
Payments on loans	(1,250,000)	(17,450,000)
Net cash provided by (used in) financing activities	<u>6,832,087</u>	<u>(4,319,820)</u>
Net decrease in cash and cash equivalents	(12,145,685)	(3,077,032)
Cash, cash equivalents, and restricted cash:		
Beginning of year	<u>76,206,764</u>	<u>79,283,796</u>
End of year	\$ <u>64,061,079</u>	\$ <u>76,206,764</u>
Reconciliation of cash, cash equivalent and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown above:		
Cash and cash equivalents	\$ 63,944,317	75,692,448
Restricted cash included in assets restricted to investments	<u>116,762</u>	<u>514,316</u>
Total cash, cash equivalents, and restricted cash	\$ <u>64,061,079</u>	\$ <u>76,206,764</u>
Cash paid for interest	\$ 1,916,498	1,886,638
Noncash operating activity:		
Gifts-in-kind revenue/expenses	\$ 143,605,944	140,566,704
Gifts-in-kind contributions receivable	(141,261,750)	(139,919,250)
Gifts-in-kind grants payable to UNICEF	141,261,750	139,919,250

See accompanying notes to consolidated financial statements.

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year ended June 30, 2020

(with summarized comparative financial information for the year ended June 30, 2019)

	Program services			Supporting services			Totals		
	Grants to UNICEF and other NGOs	Public information	Advocacy	Total	Management and general	Fund-raising	Total	2020	2019
Grants to UNICEF and other NGOs	\$ 539,497,030	—	—	539,497,030	—	—	—	539,497,030	465,590,090
Salaries, payroll taxes, and employee benefits	—	8,259,838	1,380,513	9,640,351	10,195,318	20,420,144	30,615,462	40,255,813	34,261,612
Outside printing and telemarketing	—	922,471	525	922,996	95,436	7,841,248	7,936,684	8,859,680	9,031,580
Postage and shipping	—	19,728	5,243	24,971	38,287	6,226,839	6,265,126	6,290,097	6,547,118
Mailing list rental	—	—	—	—	—	821,757	821,757	821,757	893,468
Consulting and other fees	—	9,192,127	106,199	9,298,326	3,708,216	20,198,171	23,906,387	33,204,713	16,992,714
Telephone	—	42,492	69,581	112,073	220,282	211,467	431,749	543,822	538,590
Occupancy	—	9,822	20,211	30,033	794,041	50,031	844,072	874,105	804,662
Conferences, conventions, meetings and travel	—	608,079	103,924	712,003	423,863	1,200,357	1,624,220	2,336,223	3,478,748
Equipment, repairs, and supplies	—	83,246	132,604	215,850	2,480,705	406,930	2,887,635	3,103,485	1,876,339
Legal and accounting	—	128,976	10,317	139,293	499,545	195,523	695,068	834,361	770,866
Insurance	—	33,891	56,909	90,800	193,390	172,573	365,963	456,763	377,733
Depreciation and amortization	—	469,906	52,627	522,533	487,772	1,458,605	1,946,377	2,468,910	2,490,117
Interest	—	989,918	134,489	1,124,407	384,268	407,823	792,091	1,916,498	1,886,638
Miscellaneous	—	389,440	63,584	453,024	1,779,552	359,797	2,139,349	2,592,373	2,654,848
Total expenses, year ended June 30, 2020	\$ 539,497,030	21,149,934	2,136,726	562,783,690	21,300,675	59,971,265	81,271,940	644,055,630	548,195,123
Total expenses, year ended June 30, 2019	\$ 465,590,090	15,652,606	2,081,070	483,323,766	20,755,419	44,115,938	64,871,357	548,195,123	

See accompanying notes to consolidated financial statements.

## UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

### (1) Organization and Summary of Significant Accounting Policies

#### (a) Principles of Consolidation

The accompanying consolidated financial statements include the United States Fund for UNICEF (Fund) and affiliates, UNICEF USA Impact Fund for Children Inc (IF4C) (Formerly United States Fund for UNICEF In-Kind Assistance Corporation (USF-IKAC)), and Bridge Fund Grant Assistance Corporation (BF-GAC); collectively (USF). The Fund is the sole voting member of IF4C and BF-GAC and elects their boards of directors.

#### (b) Nature of Activities

The Fund is a not-for-profit organization, chartered by the State of New York, organized to support programs through fund-raising, education, and advocacy activities, providing lifesaving medicine, better nutrition, clean water and sanitation, quality basic education, and emergency relief to children, families, and communities in more than 190 countries and territories. As a partner in the global commitment to build a world fit for children, the Fund is working to create a world that is free from poverty, disease, violence, exploitation, and discrimination.

IF4C is a not-for-profit organization, chartered by the State of New York, organized to support the Fund by facilitating the contribution and distribution of in-kind donations and by operating and administering the Bridge Fund and other impact investment funds and alternative financing vehicles and mechanisms to advance the health, education, and welfare of children throughout the world.

BF-GAC is a not-for-profit organization, chartered by the State of New York, to receive contributions and other financial support and give grants to international charitable organizations to be used by such organizations to benefit children throughout the world.

IF4C and BF-GAC operate exclusively for the benefit of and to perform specific functions of the Fund for charitable and educational purposes.

#### (c) Financial Statement Presentation

The consolidated financial statements include certain prior year summarized comparative information, which does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Accordingly, such information should be viewed in conjunction with USF's consolidated financial statements for the year ended June 30, 2019 from which the summarized information was derived.

USF prepares its consolidated financial statements on the accrual basis in accordance with U.S. GAAP. Net assets of USF and changes therein are classified and reported as follows:

*Without Donor Restrictions Net Assets* – Net assets that are not subject to donor-imposed restrictions.

*With Donor Restrictions Net Assets* – Net assets subject to donor-imposed restrictions that will be met either by actions of USF and/or by the passage of time as well as assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by USF, but permit USF to expend all or part of the income derived therefrom to support operations.

## UNITED STATES FUND FOR UNICEF AND AFFILIATES

### Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

Revenue is reported as increases in net assets unless its use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, except for those restrictions met in the same year as received, which are reported as without donor restriction revenue (\$406 million in fiscal 2020), are reported as net assets released from restrictions. The \$406 million represents \$143.6 million of gifts-in-kind and \$262.4 million in cash contributions.

#### **(d) Cash and Cash Equivalents**

USF considers highly liquid investments with original maturities of three months or less to be cash equivalents, except for such investments purchased by USF's investment managers as part of their long term investment strategies. Financial instruments that potentially subject USF to concentrations of credit risk consist principally of cash, certificates of deposit, and commercial paper. Cash and cash equivalents in excess of insurable limits aggregated approximately \$63.1 million and \$73 million at June 30, 2020 and 2019, respectively.

#### **(e) Investments, Including Investments Held for Split-Interest Agreements**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon values provided by USF's external investment managers or upon quoted market prices. Investments in limited partnerships are reflected at estimated fair values, which, as a practical expedient, are the net asset values as reported by the general partners. The estimated fair value may differ from the values that would have been reported had a ready market for these securities existed. USF reviews and evaluates the values provided by the general partners and agrees with the valuation methods and assumptions used in determining the estimated fair value of the limited partnerships.

Realized and unrealized gains on investments generated by net assets with donor restrictions are available for unrestricted use and are recorded as without donor restriction revenue.

Investment income is recorded when earned. Realized and unrealized gains and losses are determined on the basis of specific identification.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Because of the level of risk associated with certain investments, it is at least reasonably possible that changes in their values will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

#### **(f) Property and Equipment, Net**

Property and equipment are recorded at cost. Depreciation and amortization are computed by the straight-line method over the estimated useful lives of the assets, or in the case of leasehold improvements, over the lesser of the remaining terms of the leases or the estimated useful lives of the improvements.

## UNITED STATES FUND FOR UNICEF AND AFFILIATES

### Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

Useful lives used in the calculation of depreciation by major category of assets are as follows:

Office condominium	39 years
Computer equipment and internal use software	3–5 years
Furniture and fixtures	5–7 years
Office equipment	3–5 years

#### **(g) Revenue Recognition**

Contributions through direct mail and other campaigns are recorded as public support when received.

Gifts-in-kind are recorded as public support at their estimated fair value on the date of receipt. For donated gifts-in-kind, USF performs a review and evaluation of the fair values by using methods that include reviewing observable market data. This includes reviewing independently quoted prices for that particular pharmaceutical product or a similar pharmaceutical product and incorporating the fair value provided by the donor. USF does not sell donated gifts-in-kind. The inputs used to measure the fair value of gifts-in-kind are considered Level 3 within the fair value hierarchy (note 1(m)).

Additionally, a substantial number of volunteers have donated their time to support the USF's fund-raising and other activities. The value of these contributed services is not included in the consolidated financial statements since they do not meet the criteria for financial statement recognition established under GAAP.

#### **(h) Grants**

Grants are recorded as an expense and liability when approved by the board of directors of USF. All commitments are expected to be paid within 12 months from the date of the consolidated statement of financial position.

#### **(i) Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated using the square footage method among the programs and supporting service areas that were benefited.

#### **(j) Deferred Bond Acquisition Costs**

Costs incurred to obtain long-term debt are deferred and amortized over the life of the debt.

#### **(k) Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported consolidated amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates made in the preparation of the consolidated financial statements include valuation

## UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

of investments at fair value, net realizable value of contributions receivable, fair value of gifts-in-kind and functional expense allocations. Actual results could differ from those estimates.

### **(l) Income Tax Status**

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as a publicly supported organization as defined in Section 509(a)(1) of the IRC. IF4C and BF-GAC are also exempt from federal income taxes under Section 501(c)(3) of the IRC and are classified as publicly supported organizations as defined in Section 509(a)(3) of the IRC. The Fund, IF4C, and the BF-GAC are also exempt from state and local income taxes and qualify for the maximum charitable contribution deduction by donors.

USF recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes has been made, as USF has not reported any taxable unrelated business income and any unrelated business income is offset by associated expenditures. USF evaluates, on an annual basis, the effects of any uncertain tax positions on its consolidated financial statements. As of June 30, 2020 and 2019, USF has not identified or provided for any such positions.

### **(m) 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. In determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. Fair value inputs are categorized within a fair value hierarchy as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs observable or corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

### **(n) New Accounting Pronouncements**

In 2020, the Fund implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-18, *Restricted Cash*. The update is intended to standardize the treatment of restricted cash within the statement of cash flows. As a result of the adoption of the standard, the consolidated statement of cash flows will explain the change in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents that may be presented in more than one line item within the consolidated statement of financial position.

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

The FASB issued ASU No. 2016-02 as amended by ASU 2019-01, *Leases*, which will require lessees to recognize most leases on the consolidated statement of financial position, increasing their reported assets and liabilities. This update was developed to provide financial statement users with more information about an entity's leasing activities. ASU No. 2016-02 is effective for the Fund beginning in fiscal year 2022.

**(2) Investments**

The classification of investments by level in the fair value hierarchy as of June 30, 2020 and 2019 is as follows:

	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash equivalents and cash	\$ 6,529,717	—	—	6,529,717
Corporate fixed income	—	45,199,729	—	45,199,729
Equity securities:				
U.S. equity	11,388,361	—	—	11,388,361
Non-U.S. equity	4,983,527	—	—	4,983,527
Hedge funds <sup>1</sup>				13,712
	<u>\$ 22,901,605</u>	<u>45,199,729</u>	<u>—</u>	<u>68,115,046</u>
	<b>2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash equivalents and cash	\$ 6,036,576	—	—	6,036,576
Corporate fixed income	—	27,420,089	—	27,420,089
Equity securities:				
U.S. equity	10,257,968	—	—	10,257,968
Non-U.S. equity	3,374,663	—	—	3,374,663
Other investment	952,470	—	—	952,470
Hedge funds <sup>1</sup>				2,414,165
	<u>\$ 20,621,677</u>	<u>27,420,089</u>	<u>—</u>	<u>50,455,931</u>

<sup>1</sup> Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

Return on investments for the years ended June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends and interest, net of fees	\$ 2,010,593	1,983,666
Appreciation in fair value	<u>1,628,136</u>	<u>2,040,504</u>
Total investment return	<u>\$ 3,638,729</u>	<u>4,024,170</u>

At June 30, 2020 and 2019, there were two hedge funds. Each may be redeemed quarterly, up to 25% of the balance, and requires a 91-day notice period.

**(3) Contributions Receivable**

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discounts is recorded as additional contribution revenue.

Contributions receivable at June 30, 2020 and 2019 consist of unconditional promises to give, due as follows:

	<u>2020</u>	<u>2019</u>
Cash contributions receivable:		
Less than one year	\$ 118,548,771	95,663,563
One to five years	<u>13,935,501</u>	<u>25,682,342</u>
	132,484,272	121,345,905
Less:		
Discount to present value (rates ranging from 0.43% to 5.11%)	(149,780)	(718,592)
Allowance for uncollectible pledges	<u>(2,704,165)</u>	<u>(2,631,785)</u>
Net cash contributions receivable	129,630,327	117,995,528
Gifts-in-kind contributions receivable	<u>141,261,750</u>	<u>139,919,250</u>
Total	<u>\$ 270,892,077</u>	<u>257,914,778</u>

Included in gross contributions receivable at June 30, 2020 is approximately \$75.4 million due from five donors. Gift-in-kind revenue is primarily received from one donor.

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

**(4) Investments Held for Split-Interest Agreements**

Split-interest agreements, for which USF is a trustee, consist principally of charitable gift annuities (CGA), related assets of which total \$9,805,999 and \$9,141,975 at June 30, 2020 and 2019, respectively. Such designated assets exceed the legally mandated reserve. The classification of investments held for split-interest agreements by their level in the fair value hierarchy as of June 30, 2020 and 2019 is as follows:

	<b>2020</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents and cash	\$ 140,937	—	—	140,937
Corporate fixed income	—	6,232,685	—	6,232,685
Equity securities:				
U.S. equity	2,676,415	—	—	2,676,415
Non-U.S. equity	985,689	—	—	985,689
Hedge funds <sup>1</sup>				2,654
	<u>\$ 3,803,041</u>	<u>6,232,685</u>	<u>—</u>	<u>10,038,380</u>

  

	<b>2019</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents and cash	\$ 809,697	—	—	809,697
Corporate fixed income	—	3,770,446	—	3,770,446
Equity securities:				
U.S. equity	2,731,632	—	—	2,731,632
Non-U.S. equity	1,013,354	—	—	1,013,354
Other investment	417,517	—	—	417,517
Hedge funds <sup>1</sup>				637,707
	<u>\$ 4,972,200</u>	<u>3,770,446</u>	<u>—</u>	<u>9,380,353</u>

<sup>1</sup> Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

At June 30, 2020 and 2019, there were two hedge funds. Each may be redeemed quarterly, up to 25% of the balance and requires a 91-day notice period.

Changes in fair value of these split-interest agreements are reflected in USF's consolidated statement of activities. On an annual basis, the Fund values the liability to the designated beneficiaries based upon actuarial assumptions. The present value of the estimated future payments of \$3,613,069 and \$3,524,506 at June 30, 2020 and 2019, respectively, is calculated using the Internal Revenue Service discount rate and applicable mortality tables.

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

**(5) Grants**

The boards of directors of USF authorized grants to UNICEF-assisted projects and various nonprofit organizations from funds and in-kind gifts received by USF during the years ended June 30, 2020 and 2019. Such grants are to be used by UNICEF and nonprofit organizations solely for those assistance projects approved by the boards of directors to provide life-saving medicine, better nutrition, clean water and sanitation, quality basic education, and emergency relief to children, families, women, and communities in more than 150 countries and territories.

As of June 30, 2020 and 2019, grants payable to UNICEF and NGOs were calculated as follows:

	<u>2020</u>	<u>2019</u>
Grants payable to UNICEF and NGOs – beginning of year	\$ 179,467,694	50,841,300
Add:		
Gifts-in-kind	143,605,944	140,566,704
Greeting cards revenue and support	—	1,696,133
Grants to UNICEF	385,052,180	316,621,271
Grants to NGOs	<u>10,838,909</u>	<u>6,705,982</u>
Total additions	<u>539,497,033</u>	<u>465,590,090</u>
Less:		
Cash paid to UNICEF	363,859,820	329,233,628
Gifts-in-kind	142,263,444	647,454
Cash paid to NGOs	<u>10,971,065</u>	<u>7,082,614</u>
Total deductions	<u>517,094,329</u>	<u>336,963,696</u>
Grants payable to UNICEF and NGOs – end of year	\$ <u>201,870,398</u>	<u>179,467,694</u>

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

**(6) Property and Equipment, Net**

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Office condominium	\$ 41,685,279	41,685,279
Computer equipment and internal use software	9,186,548	7,855,134
Leasehold improvements	64,166	64,166
Furniture and fixtures	3,035,417	3,267,380
Office equipment	<u>433,486</u>	<u>417,093</u>
	54,404,896	53,289,052
Less accumulated depreciation and amortization	<u>(23,369,146)</u>	<u>(21,255,577)</u>
	<u>\$ 31,035,750</u>	<u>32,033,475</u>

**(7) Long-Term Debt**

**(a) Bonds Payable**

On June 14, 2007, a private placement of New York City Industrial Development Agency issued Civic Facility Revenue Bonds (the Bonds) totaling \$43,510,000 consisting of two series: Series 2007A (Series A) in the amount of \$7,910,000, fixed interest rate 5.05% and Series 2007B (Series B) in the amount of \$35,600,000, fixed interest rate 5.30%. Proceeds of the Bonds, net of issuance costs of \$1,204,778, were used by USF to acquire an office condominium (the Facility) and to pay for related interior space construction costs, to purchase furniture and fixtures, and to pay related costs as well as closing costs of the bond issuance (collectively, the Project). The Bonds were not secured by any mortgage lien or security interest in the Facility or any property of USF. The Bonds also had a financial covenant in which USF guaranteed to maintain minimum net assets at \$10,000,000.

In September 2016, Build NYC Resource Corporation issued private placement Civic Facility Revenue Bonds, Series 2016 (2016 Bonds) totaling \$39,100,000 to defease the New York City Industrial Development Agency Civic Facility Revenue Bonds Series 2007A and 2007B. The term of the 2016 Bonds is 20 years with a fixed interest rate of 2.86%. The deferred bond acquisition cost on bonds payable for the years ended June 30, 2020 and 2019 was \$710,532 and \$753,595, respectively.

## UNITED STATES FUND FOR UNICEF AND AFFILIATES

### Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

The maturities of the bonds payable subsequent to June 30, 2020 are as follows:

	<u>Amount</u>
Fiscal year ending:	
2021	\$ 1,627,273
2022	1,675,091
2023	1,724,315
2024	1,772,801
2025	1,811,245
Thereafter	<u>24,744,461</u>
Total	33,355,186
Less deferred bond acquisition cost	<u>(710,532)</u>
Bonds payable, net	<u>\$ 32,644,654</u>

Interest expense on bonds payable for the years ended June 30, 2020 and 2019 was \$994,994 and \$1,037,501, respectively.

#### **(b) Loans Payable**

On December 31, 2011, The IF4C (formerly USF-IKAC) entered into a loan agreement with various philanthropic investors for use with the Revolving Guarantee Bridge Fund (RGBF) program. RGBF is an innovative tool that secures better pricing, faster delivery, and a consistent flow of essential goods for children in the developing world by distributing critical, flexible capital to overcome traditional funding obstacles when purchasing urgently needed supplies that save children's lives. RGBF funds its program activities and grants by obtaining net worth grants and similar contributions, below market loans, and program-related investments from financial institutions, foundations, and other lenders. The RGBF provides UNICEF's Supply Division with access to U.S. mission investment funding to bridge procurement costs until regular, slower payments become available.

The loan payable balance of \$38,350,000 represents various loans from corporate and individual lenders with interest rates ranging from 0% to 3.60% per annum. The loan payable balances range from three to five years from the date of the loan agreement. Interest expense on loans payable for the years ended June 30, 2020 and 2019 was \$909,820 and \$845,075, respectively.

On April 28, 2020, the Fund received a \$6,583,900 loan for the Paycheck Protection Program (PPP). The proceeds from the loan were used to pay payroll, rent and utilities. This loan was outstanding at June 30, 2020 and could be forgiven if certain conditions are met.

#### **(8) Commitments and Contingencies**

The Fund is obligated under noncancelable operating lease agreements for the rental of offices and warehouse space expiring through 2027. Such leases generally contain provisions for increased rentals based upon increases in real estate taxes and operating expenses. Total rent expense was \$792,210 and

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

\$702,550 for the years ended June 30, 2020 and 2019, respectively. In accordance with U.S. GAAP, rent expense is recognized on a straight-line basis over the term of the lease. The excess of rent expense accrued on a straight-line basis over rental payments is reported as accrued expenses and other liabilities on the consolidated statement of financial position.

Future minimum lease payments are as follows:

Fiscal year ending:	
2021	\$ 851,718
2022	725,919
2023	684,245
2024	681,299
2025	498,066
2026 and beyond	<u>1,803,612</u>
Total	\$ <u>5,244,859</u>

**(9) Retirement Plan**

The Fund has a defined contribution retirement plan, under IRC Section 403(b), which is offered to all of its qualified employees. Employees can contribute a portion of their salary to the plan up to the maximum permitted under the IRC. The Fund will match employee contributions up to 4% of an employee's salary (up to 6% of base compensation prior to July 8, 2013). The employee must complete one year and 1,000 hours of service and must be at least 21 years of age. In addition, the Fund makes a nonmatching contribution of 5% of salary to eligible employees prior to July 8, 2013 and 4% of base compensation of all eligible employees hired on or after July 1, 2013. The Fund's matching and nonmatching contributions totaled \$1,776,492 and \$1,642,248 for the years ended June 30, 2020 and 2019, respectively.

The Fund has a deferred compensation plan under IRC Section 457(b) in which selected management employees can contribute additional salary up to the maximum permitted by the IRC. The Fund does not match these contributions.

**(10) With Donor Restrictions Net Assets**

With Donor Restrictions net assets consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Child protection	\$ 3,311,605	5,248,019
Child survival, including nutrition and health	53,041,591	72,795,565
Emergencies	158,038	1,629,037
Others miscellaneous programs	13,475,657	11,069,539
Value of split interest	232,329	217,932
Endowment (a)	<u>4,162,329</u>	<u>4,152,329</u>
Total	\$ <u>74,381,549</u>	<u>95,112,421</u>

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

**(a) Endowment**

USF's endowment consists of individual donor-restricted funds. Net assets associated with these permanent endowments are classified and reported based on the existence or absence of donor-imposed restrictions. USF has no board-designated endowment funds.

USF operates in accordance with the New York Prudent Management of Institutional Funds Act (NYPMIFA). In accordance with the accounting guidance associated with the adoption of NYPMIFA, the remaining portion of the donor-restricted endowment fund that is classified under with donor restriction net assets until those amounts are appropriated for expenditure by USF in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The following table summarizes USF's endowment by net asset class and changes therein for the years ended June 30, 2020 and 2019:

Description	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2018	\$ —	4,142,329	4,142,329
Investment return	184,844	—	184,844
Contributions	—	10,000	10,000
Amount expended to support operations	(184,844)	—	(184,844)
Net assets at June 30, 2019	—	4,152,329	4,152,329
Investment return	27,247	—	27,247
Contributions	—	10,000	10,000
Amount expended to support operations	(27,247)	—	(27,247)
Net assets at June 30, 2020	\$ —	4,162,329	4,162,329

**(11) Availability of Resources**

The Fund manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. The Fund operates with a balanced budget and anticipate sufficient revenue to cover general expenditures not covered by donor-restricted resources. The board approved the Fiscal Year 2020 and 2019 spend from the endowment, which is estimated to be \$27,000 and \$184,000, respectively. The 2020 spending is calculated based on the return of the endowment balance as of June 30, 2019. The 2019 spending is calculated based on 4.5% of the endowment balance as of December 31, 2018.

**UNITED STATES FUND FOR UNICEF AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of and for the year ended June 30, 2019)

As of June 30, 2020 and 2019, the Fund considered the following financial assets available to meet its general expenditure within one year:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 63,944,317	75,692,448
Investments	68,115,046	50,455,931
Contributions receivable	<u>270,892,077</u>	<u>257,914,778</u>
Total financial assets	<u>402,951,440</u>	<u>384,063,157</u>
Less:		
Investments not readily available (Hedge funds)	13,712	2,414,165
GIK and Contributions receivable not due within one year or less	<u>155,197,251</u>	<u>165,585,763</u>
	<u>155,210,963</u>	<u>167,999,928</u>
Total financial assets available to meet general expenditures within one year of the balance due	\$ <u>247,740,477</u>	<u>216,063,229</u>

**(12) Subsequent Events**

In connection with the preparation of the consolidated financial statements, the Fund evaluated events after the consolidated balance sheet date of June 30, 2020 through November 16, 2020, which was the date the consolidated financial statements were available to be issued. The Fund invests in various investment securities and relies on fundraising to support its operations. The spread of coronavirus (COVID-19) around the world in 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Fund is unable to determine if it will have a material impact to its consolidated financial position and changes in net assets in the future.

No additional events have occurred that would require adjustments to or further disclosure in the accompanying consolidated financial statements.

## UNITED STATES FUND FOR UNICEF AND AFFILIATES

Consolidating Schedule of Financial Position

June 30, 2020

Assets	USF-IF4C							Intercompany eliminations	Consolidated total
	United States Fund for UNICEF	Gifts-in-Kind	Bridge Fund (excluding Fast Fund)	Fast Fund	Subtotal	BF-GAC	Total		
Cash and cash equivalents	\$ 61,164,581	—	2,779,736	—	2,779,736	—	63,944,317	—	63,944,317
Investments	51,427,398	—	14,437,648	2,250,000	16,687,648	—	68,115,046	—	68,115,046
Contributions receivable	237,442,077	—	33,450,000	—	33,450,000	—	270,892,077	—	270,892,077
Prepaid expenses and other assets	3,596,360	—	—	—	—	—	3,596,360	(2,000,000)	1,596,360
Due from affiliate	—	106,165	2,100,912	—	2,207,077	—	2,207,077	(2,207,077)	—
Investments held for split-interest agreements	10,038,380	—	—	—	—	—	10,038,380	—	10,038,380
Property and equipment, net	31,035,750	—	—	—	—	—	31,035,750	—	31,035,750
Total assets	\$ 394,704,546	106,165	52,768,296	2,250,000	55,124,461	—	449,829,007	(4,207,077)	445,621,930
<b>Liabilities and Net Assets</b>									
Liabilities:									
Grants payable	\$ 201,847,898	—	22,500	—	22,500	—	201,870,398	—	201,870,398
Accrued expenses and other liabilities	10,413,705	—	418,677	2,250,000	2,668,677	—	13,082,382	—	13,082,382
Liabilities under split-interest agreements	3,613,069	—	—	—	—	—	3,613,069	—	3,613,069
Due to affiliate	2,207,077	—	—	—	—	—	2,207,077	(2,207,077)	—
Loans payable	6,583,900	—	38,350,000	—	38,350,000	—	44,933,900	—	44,933,900
Bonds payable, net	32,644,654	—	—	—	—	—	32,644,654	—	32,644,654
Total liabilities	257,310,303	—	38,791,177	2,250,000	41,041,177	—	298,351,480	(2,207,077)	296,144,403
Net assets:									
Without donor restrictions	63,012,694	106,165	13,977,119	—	14,083,284	—	77,095,978	(2,000,000)	75,095,978
With donor restrictions	74,381,549	—	—	—	—	—	74,381,549	—	74,381,549
Total net assets	137,394,243	106,165	13,977,119	—	14,083,284	—	151,477,527	(2,000,000)	149,477,527
Total liabilities and net assets	\$ 394,704,546	106,165	52,768,296	2,250,000	55,124,461	—	449,829,007	(4,207,077)	445,621,930

See accompanying independent auditors' report.

## UNITED STATES FUND FOR UNICEF AND AFFILIATES

Consolidating Schedule of Activities

Year ended June 30, 2020

	United States Fund for UNICEF	USF-IF4C				BF-GAC	Total	Intercompany eliminations	Consolidated total
		Gifts-in-Kind	Bridge Fund (excluding Fast Fund)	Fast Fund	Subtotal				
Public support and revenue:									
Public support:									
Contributions:									
Corporate	\$ 43,163,083	—	—	—	—	—	43,163,083	—	43,163,083
Major gifts	44,479,157	—	—	—	—	2,344,088	46,823,245	(2,344,088)	44,479,157
Foundations	148,302,130	—	—	—	—	—	148,302,130	—	148,302,130
Nongovernment organizations (NGO)	89,533,614	—	—	—	—	—	89,533,614	—	89,533,614
Direct marketing	46,192,474	—	—	—	—	—	46,192,474	—	46,192,474
Trick-or-treat program	1,213,285	—	—	—	—	—	1,213,285	—	1,213,285
Internet	25,427,510	—	—	—	—	—	25,427,510	—	25,427,510
Other	11,076,555	—	61,786,862	—	61,786,862	—	72,863,417	(7,011,302)	65,852,115
Gifts-in-kind	143,605,944	—	—	—	—	—	143,605,944	—	143,605,944
Special events income	8,732,921	—	—	—	—	—	8,732,921	—	8,732,921
Bequests and legacies	19,482,691	—	—	—	—	—	19,482,691	—	19,482,691
Provision for losses and discounts on restricted assets	(9,996,132)	—	—	—	—	—	(9,996,132)	—	(9,996,132)
Total public support	571,213,232	—	61,786,862	—	61,786,862	2,344,088	635,344,182	(9,355,390)	625,988,792
Revenue:									
Greeting cards revenue	1,142,803	—	—	—	—	—	1,142,803	—	1,142,803
Investment return	2,794,812	—	843,917	—	843,917	—	3,638,729	—	3,638,729
Change in value of split-interest agreements	(139,409)	—	—	—	—	—	(139,409)	—	(139,409)
Total revenue	3,798,206	—	843,917	—	843,917	—	4,642,123	—	4,642,123
Total public support and revenue	575,011,438	—	62,630,779	—	62,630,779	2,344,088	639,986,305	(9,355,390)	630,630,915
Expenses:									
Program services:									
Grants to UNICEF and other NGOs	479,034,957	—	60,462,073	—	60,462,073	—	539,497,030	—	539,497,030
Grant to affiliate	7,011,302	—	—	—	—	2,344,088	9,355,390	(9,355,390)	—
Public information, education, and program services	19,484,864	—	1,665,070	—	1,665,070	—	21,149,934	—	21,149,934
Advocacy	2,136,726	—	—	—	—	—	2,136,726	—	2,136,726
Total program services	507,667,849	—	62,127,143	—	62,127,143	2,344,088	572,139,080	(9,355,390)	562,783,690
Supporting services:									
Management and general	21,151,675	—	149,000	—	149,000	—	21,300,675	—	21,300,675
Fund-raising expenses	59,756,515	—	214,750	—	214,750	—	59,971,265	—	59,971,265
Total supporting services	80,908,190	—	363,750	—	363,750	—	81,271,940	—	81,271,940
Total expenses	588,576,039	—	62,490,893	—	62,490,893	2,344,088	653,411,020	(9,355,390)	644,055,630
(Decrease) increase in net assets	(13,564,601)	—	139,886	—	139,886	—	(13,424,715)	—	(13,424,715)
Net assets:									
Beginning of year	150,958,844	106,165	13,837,233	—	13,943,398	—	164,902,242	(2,000,000)	162,902,242
End of year	\$ 137,394,243	106,165	13,977,119	—	14,083,284	—	151,477,527	(2,000,000)	149,477,527

See accompanying independent auditors' report.