



UNITED STATES FUND FOR UNICEF AND AFFILIATES

Consolidated Financial Statements and Supplemental Schedules

June 30, 2021

(With Summarized Comparative Financial Information for fiscal 2020)

(With Independent Auditors' Report Thereon)

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Table of Contents

	Page(s)
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
Supplemental Schedules	
1. Consolidating Schedule of Financial Position	20
2. 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, 2021, 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, 2021, 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 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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 1 and 2 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

December 8, 2021

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Consolidated Statement of Financial Position

June 30, 2021

(with summarized comparative financial information as of June 30, 2020)

Assets	2021	2020
Cash and cash equivalents	\$ 100,114,475	63,944,317
Investments (note 2)	73,719,768	68,115,046
Contributions and other receivables (note 3)	161,169,150	270,892,077
Prepaid expenses and other assets	3,698,392	1,596,360
Investments held for split-interest agreements (note 4)	11,669,593	10,038,380
Property and equipment, net (note 6)	<u>30,299,590</u>	<u>31,035,750</u>
Total assets	<u>\$ 380,670,968</u>	<u>445,621,930</u>
Liabilities and Net Assets		
Liabilities:		
Grants payable (note 5)	\$ 84,105,507	201,870,398
Accrued expenses and other liabilities (note 8)	20,533,898	13,082,382
Liabilities under split-interest agreements (note 4)	3,493,544	3,613,069
Loans payable (note 7)	53,350,000	44,933,900
Bonds payable, net (note 7)	<u>31,056,566</u>	<u>32,644,654</u>
Total liabilities	<u>192,539,515</u>	<u>296,144,403</u>
Net assets:		
Without donor restrictions	102,712,726	75,095,978
With donor restrictions (note 10)	<u>85,418,727</u>	<u>74,381,549</u>
Total net assets	<u>188,131,453</u>	<u>149,477,527</u>
Total liabilities and net assets	<u>\$ 380,670,968</u>	<u>445,621,930</u>

See accompanying notes to consolidated financial statements.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Consolidated Statement of Activities

Year ended June 30, 2021

(with summarized comparative financial information for the year ended June 30, 2020)

	2021			2020
	Without donor restrictions	With donor restrictions	Total	Total
Public support and revenue:				
Public support:				
Contributions:				
Corporate	\$ 49,386,543	3,097,860	52,484,403	43,163,083
Major gifts	79,650,263	4,517,220	84,167,483	44,479,157
Foundations	76,436,540	65,938,715	142,375,255	148,302,130
Nongovernmental organizations (NGO)	71,146,085	21,211,227	92,357,312	89,533,614
Direct marketing	56,298,043	—	56,298,043	46,192,474
Trick-or-treat program	261,380	—	261,380	1,213,285
Internet	34,296,766	—	34,296,766	25,427,510
Other	44,081,375	—	44,081,375	65,852,115
Gifts-in-kind	4,429,068	—	4,429,068	143,605,944
Special events income, net of expenses of \$42,817 in 2021 and \$1,652,254 in 2020	5,217,709	—	5,217,709	8,732,921
Bequests and legacies	24,820,824	—	24,820,824	19,482,691
Provision for losses and discounts on restricted assets	—	(8,923,047)	(8,923,047)	(9,996,132)
Total public support	<u>446,024,596</u>	<u>85,841,975</u>	<u>531,866,571</u>	<u>625,988,792</u>
Revenue:				
Greeting cards revenue	1,125,893	—	1,125,893	1,142,803
Investment return (note 2)	10,446,191	—	10,446,191	3,638,729
Change in value of split-interest agreements	(72,776)	7,669	(65,107)	(139,409)
Other (Note 7)	6,583,900	—	6,583,900	—
Total revenue	<u>18,083,208</u>	<u>7,669</u>	<u>18,090,877</u>	<u>4,642,123</u>
Net assets released from restrictions	<u>74,812,466</u>	<u>(74,812,466)</u>	<u>—</u>	<u>—</u>
Total public support, revenue, and net assets released from restrictions	<u>538,920,270</u>	<u>11,037,178</u>	<u>549,957,448</u>	<u>630,630,915</u>
Expenses:				
Program services:				
Grants to UNICEF and other nongovernmental organizations (NGOs) (note 5)	409,510,852	—	409,510,852	539,497,030
Public information, education, and program services	15,020,626	—	15,020,626	21,149,934
Advocacy	2,863,899	—	2,863,899	2,136,726
Total program services	<u>427,395,377</u>	<u>—</u>	<u>427,395,377</u>	<u>562,783,690</u>
Supporting services:				
Management and general	20,174,288	—	20,174,288	21,300,675
Fund-raising expenses	63,733,857	—	63,733,857	59,971,265
Total supporting services	<u>83,908,145</u>	<u>—</u>	<u>83,908,145</u>	<u>81,271,940</u>
Total expenses	<u>511,303,522</u>	<u>—</u>	<u>511,303,522</u>	<u>644,055,630</u>
Increase (decrease) in net assets	27,616,748	11,037,178	38,653,926	(13,424,715)
Net assets:				
Beginning of year	<u>75,095,978</u>	<u>74,381,549</u>	<u>149,477,527</u>	<u>162,902,242</u>
End of year	<u>\$ 102,712,726</u>	<u>85,418,727</u>	<u>188,131,453</u>	<u>149,477,527</u>

See accompanying notes to consolidated financial statements.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Consolidated Statement of Cash Flows

Year ended June 30, 2021

(with summarized comparative financial information for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 38,653,926	(13,424,715)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,384,816	2,468,910
Net appreciation in fair value of investments	(8,811,083)	(1,628,136)
Change in value of split-interest agreements	65,107	139,409
Forgiveness of debt	(6,583,900)	—
Endowment contributions	—	(10,000)
Changes in operating assets and liabilities:		
Contributions receivable	(31,538,823)	(11,634,799)
Prepaid expenses and other assets	(2,102,032)	185,871
Grants payable	23,496,859	21,060,204
Split-interest agreements assets	(19,717)	220,123
Accrued expenses and other liabilities	7,451,516	2,651,135
Net cash provided by operating activities	<u>22,996,669</u>	<u>28,002</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,605,594)	(1,428,122)
Proceeds from sales of investments	16,483,110	35,078,474
Purchases of investments	<u>(14,943,830)</u>	<u>(52,656,126)</u>
Net cash used in investing activities	<u>(66,314)</u>	<u>(19,005,774)</u>
Cash flows from financing activities:		
Proceeds from endowment	—	10,000
Proceeds from contributions under split-interest agreements	393,818	655,000
Payments under split-interest agreements	(444,352)	(434,877)
Payment of bonds payable	(1,631,150)	(1,581,936)
Proceeds from loans	17,000,000	9,433,900
Payments on loans	<u>(2,000,000)</u>	<u>(1,250,000)</u>
Net cash provided by financing activities	<u>13,318,316</u>	<u>6,832,087</u>
Net increase (decrease) in cash and cash equivalents	36,248,671	(12,145,685)
Cash, cash equivalents, and restricted cash:		
Beginning of year	<u>64,061,079</u>	<u>76,206,764</u>
End of year	\$ <u>100,309,750</u>	\$ <u>64,061,079</u>
Reconciliation of cash, cash equivalent and restricted cash reported within the consolidated statement of financial position that sum to the total of the same such amounts shown above:		
Cash and cash equivalents	\$ 100,114,475	63,944,317
Restricted cash included in assets restricted to investments	<u>195,275</u>	<u>116,762</u>
Total cash, cash equivalents, and restricted cash	\$ <u>100,309,750</u>	\$ <u>64,061,079</u>
Cash paid for interest	\$ 1,965,330	1,916,498
Noncash operating activity:		
Gifts-in-kind revenue/expenses	\$ 4,429,068	143,605,944
Gifts-in-kind contributions receivable	—	(141,261,750)
Gifts-in-kind grants payable to UNICEF	—	141,261,750

See accompanying notes to consolidated financial statements.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Consolidated Statement of Functional Expenses

Year ended June 30, 2021

(with summarized comparative financial information for the year ended June 30, 2020)

	Program services				Supporting services			Totals	
	Grants to UNICEF and other NGOs	Public information, education, and program services		Management and general	Fund-raising	Total	2021	2020	
		Advocacy	Total						
Grants to UNICEF and other NGOs	\$ 409,510,852	—	409,510,852	—	—	—	409,510,852	539,497,030	
Salaries, payroll taxes, and employee benefits	—	8,533,061	1,607,566	9,986,315	21,896,854	31,883,169	42,023,796	40,255,813	
Outside printing and telemarketing	—	496,340	144	8,443	7,663,420	7,671,863	8,168,347	8,859,680	
Postage and shipping	—	13,944	3,654	31,583	7,397,637	7,429,220	7,446,818	6,290,097	
Mailing list rental	—	—	—	—	1,081,516	1,081,516	1,081,516	821,757	
Consulting and other fees	—	3,533,325	990,208	3,308,648	22,139,495	25,448,143	29,971,676	33,204,713	
Telephone	—	68,363	21,857	134,444	156,082	290,526	380,746	543,822	
Occupancy	—	27,004	6,167	820,490	58,094	878,584	911,755	874,105	
Conferences, conventions, meetings and travel	—	17,011	34	16,298	20,690	36,988	54,033	2,336,223	
Equipment, repairs, and supplies	—	258,387	70,843	1,785,721	569,113	2,354,834	2,684,064	3,103,485	
Legal and accounting	—	107,336	605	540,538	178,566	719,104	827,045	834,361	
Insurance	—	55,988	33,672	140,230	157,023	297,253	386,913	456,763	
Depreciation and amortization	—	347,478	55,115	528,743	1,453,480	1,982,223	2,384,816	2,468,910	
Interest	—	1,185,655	56,277	350,155	373,243	723,398	1,965,330	1,916,498	
Miscellaneous	—	376,734	17,757	2,522,680	588,644	3,111,324	3,505,815	2,592,373	
Total expenses, year ended June 30, 2021	\$ 409,510,852	15,020,626	2,863,899	20,174,288	63,733,857	83,908,145	511,303,522	644,055,630	
Total expenses, year ended June 30, 2020	\$ 539,497,030	21,149,934	2,136,726	21,300,675	59,971,265	81,271,940			

See accompanying notes to consolidated financial statements.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

(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), 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. There were no transactions for BF-GAC in 2021.

(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 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, 2020 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, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

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 (\$400 million in fiscal 2021), are reported as net assets released from restrictions. The \$400 million represents \$4 million of gifts-in-kind and \$396 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 \$99.4 million and \$63.1 million at June 30, 2021 and 2020, 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, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

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. Estimates made in the preparation of the consolidated financial statements include valuation of

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

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.

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 and continuing into 2021 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.

(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, 2021 and 2020, 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

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

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

information about an entity's leasing activities. ASU No. 2016-02 is effective for the Fund beginning in fiscal year 2023.

(2) Investments

The classification of investments by level in the fair value hierarchy as of June 30, 2021 and 2020 is as follows:

	2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,038,661	—	—	1,038,661
Corporate fixed income	—	44,952,583	—	44,952,583
Equity securities:				
U.S. equity	19,788,776	—	—	19,788,776
Non-U.S. equity	7,924,346	—	—	7,924,346
Hedge funds ¹				15,402
	<u>\$ 28,751,783</u>	<u>44,952,583</u>	<u>—</u>	<u>73,719,768</u>
	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 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 ¹				13,712
	<u>\$ 22,901,605</u>	<u>45,199,729</u>	<u>—</u>	<u>68,115,046</u>

¹ 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, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

Return on investments for the years ended June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Dividends and interest, net of fees	\$ 1,635,108	2,010,593
Appreciation in fair value	<u>8,811,083</u>	<u>1,628,136</u>
Total investment return	<u>\$ 10,446,191</u>	<u>3,638,729</u>

At June 30, 2021 and 2020, 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 and Other Receivables

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 and other receivables at June 30, 2021 and 2020 consist of unconditional promises to give, due as follows:

	<u>2021</u>	<u>2020</u>
Cash contributions receivable:		
Less than one year	\$ 124,857,536	118,548,771
One to five years	<u>40,907,764</u>	<u>13,935,501</u>
	165,765,300	132,484,272
Less:		
Discount to present value (rates ranging from 0.43% to 2.38%)	(614,427)	(149,780)
Allowance for uncollectible pledges	<u>(3,981,723)</u>	<u>(2,704,165)</u>
Net cash contributions receivable	161,169,150	129,630,327
Gifts-in-kind contributions receivable	<u>—</u>	<u>141,261,750</u>
Total	<u>\$ 161,169,150</u>	<u>270,892,077</u>

Included in gross contributions and other receivables at June 30, 2021 is approximately \$96 million due from five donors.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

(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 \$11,358,903 and \$9,805,999 at June 30, 2021 and 2020, 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, 2021 and 2020 is as follows:

2021				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 438,458	—	—	438,458
Corporate fixed income	—	6,174,466	—	6,174,466
Equity securities:				
U.S. equity	3,726,956	—	—	3,726,956
Non-U.S. equity	1,325,574	—	—	1,325,574
Hedge funds ¹				4,139
	<u>\$ 5,490,988</u>	<u>6,174,466</u>	<u>—</u>	<u>11,669,593</u>

2020				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 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 ¹				2,654
	<u>\$ 3,803,041</u>	<u>6,232,685</u>	<u>—</u>	<u>10,038,380</u>

¹ 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, 2021 and 2020, there were two hedge funds. Each may be redeemed quarterly, up to 25% of the balance and requires a 91-day notice period.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

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 \$3,493,544 and \$3,613,069 at June 30, 2021 and 2020, respectively, is calculated using the Internal Revenue Service discount rate and applicable mortality tables.

(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, 2021 and 2020. 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, 2021 and 2020, grants payable to UNICEF and NGOs were calculated as follows:

	<u>2021</u>	<u>2020</u>
Grants payable to UNICEF and NGOs – beginning of year	\$ 201,870,398	179,467,694
Add:		
Gifts-in-kind	4,429,068	143,605,944
Grants to UNICEF	393,539,615	385,052,177
Grants to NGOs	<u>11,542,169</u>	<u>10,838,909</u>
Total additions	<u>409,510,852</u>	<u>539,497,030</u>
Less:		
Cash paid to UNICEF	372,516,115	363,859,820
Gifts-in-kind	145,411,118	142,263,444
Cash paid to NGOs	<u>9,348,510</u>	<u>10,971,062</u>
Total deductions	<u>527,275,743</u>	<u>517,094,326</u>
Grants payable to UNICEF and NGOs – end of year	\$ <u>84,105,507</u>	<u>201,870,398</u>

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

(6) Property and Equipment, Net

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Office condominium	\$ 41,685,279	41,685,279
Computer equipment and internal use software	7,038,702	9,186,548
Leasehold improvements	45,966	64,166
Furniture and fixtures	749,961	3,035,417
Office equipment	<u>20,934</u>	<u>433,486</u>
	49,540,842	54,404,896
Less accumulated depreciation and amortization	<u>(19,241,252)</u>	<u>(23,369,146)</u>
	<u>\$ 30,299,590</u>	<u>31,035,750</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, 2021 and 2020 was \$667,469 and \$710,532, respectively.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

The maturities of the bonds payable subsequent to June 30, 2021 are as follows:

	Amount
Fiscal year ending:	
2022	\$ 1,679,084
2023	1,728,424
2024	1,777,026
2025	1,831,435
2026	1,885,253
Thereafter	22,822,813
Total	31,724,035
Less deferred bond acquisition cost	(667,469)
Bonds payable, net	\$ 31,056,566

Interest expense on bonds payable for the years ended June 30, 2021 and 2020 was \$936,529 and \$994,994, respectively.

(b) Loans Payable

On December 31, 2011, The IF4C 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 \$53,350,000 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, 2021 and 2020 was \$1,028,800 and \$909,820, respectively.

On April 28, 2020, the Fund received a \$6,583,900 loan for the Paycheck Protection Program. The proceeds from the loan were used to pay payroll, rent and utilities. In fiscal 2021, the Fund applied for and received forgiveness of the full amount, which is reflected in other revenue in the consolidated statement of activities. Accordingly, there is no outstanding balance for this loan at June 30, 2021.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

(8) Commitments and Contingencies

The Fund is obligated under noncancelable operating lease agreements for the rental of offices and warehouse space expiring through 2030. Such leases generally contain provisions for increased rentals based upon increases in real estate taxes and operating expenses. Total rent expense was \$829,970 and \$792,210 for the years ended June 30, 2021 and 2020, 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:		
2022	\$	725,919
2023		684,245
2024		681,299
2025		498,066
2026		469,037
2027 and beyond		<u>1,334,575</u>
Total	\$	<u>4,393,141</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 \$1,843,940 and \$1,776,492 for the years ended June 30, 2021 and 2020, 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.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

(10) With Donor Restrictions Net Assets

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

	<u>2021</u>	<u>2020</u>
Child protection	\$ 4,686,226	3,311,605
Child survival, including nutrition and health	64,156,443	53,041,591
Emergencies	3,890,511	158,038
Others miscellaneous programs	8,221,015	13,475,657
Value of split interest	239,998	232,329
Endowment (a)	<u>4,224,534</u>	<u>4,162,329</u>
Total	<u>\$ 85,418,727</u>	<u>74,381,549</u>

(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, 2021 and 2020:

<u>Description</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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	<u>(27,247)</u>	<u>—</u>	<u>(27,247)</u>
Net assets at June 30, 2020	—	4,162,329	4,162,329
Investment return	145,682	62,205	207,887
Amount expended to support operations	<u>(145,682)</u>	<u>—</u>	<u>(145,682)</u>
Net assets at June 30, 2021	<u>\$ —</u>	<u>4,224,534</u>	<u>4,224,534</u>

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2021

(with summarized comparative financial information as of and for the year ended June 30, 2020)

(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 anticipates sufficient revenue to cover general expenditures not covered by donor-restricted resources. The board approved the Fiscal Year 2021 and 2020 spend from the endowment, which is estimated to be \$145,000 and \$27,000, respectively. The 2021 spending is calculated based on the return of the endowment balance as of June 30, 2020. The 2020 spending is calculated based on the return of the endowment balance as of June 30, 2019.

As of June 30, 2021 and 2020, the Fund considered the following financial assets available to meet its general expenditures within one year:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 100,114,475	63,944,317
Investments	73,719,768	68,115,046
Contributions receivable	<u>161,169,150</u>	<u>270,892,077</u>
Total financial assets	<u>335,003,393</u>	<u>402,951,440</u>
Less:		
Investments not readily available (Hedge funds)	15,402	13,712
GIK and Contributions receivable not due within one year or less	<u>40,907,764</u>	<u>155,197,251</u>
	<u>40,923,166</u>	<u>155,210,963</u>
Total financial assets available to meet general expenditures within one year of the balance due	\$ <u><u>294,080,227</u></u>	\$ <u><u>247,740,477</u></u>

(12) Subsequent Events

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, 2021

Assets	United States	UNICEF USA IMPACT FUND FOR CHILDREN INC				BF-GAC	Total	Intercompany eliminations	Consolidated total
	Fund for UNICEF	Gifts-in-Kind	Bridge Fund	Fast Fund	Subtotal				
Cash and cash equivalents	\$ 99,378,432	—	736,043	—	736,043	—	100,114,475	—	100,114,475
Investments	57,003,284	—	16,616,484	100,000	16,716,484	—	73,719,768	—	73,719,768
Contributions and other receivables	109,709,076	—	51,460,074	—	51,460,074	—	161,169,150	—	161,169,150
Prepaid expenses and other assets	5,698,392	—	—	—	—	—	5,698,392	(2,000,000)	3,698,392
Due from affiliate	—	106,165	11,813,744	—	11,919,909	—	11,919,909	(11,919,909)	—
Investments held for split-interest agreements	11,669,593	—	—	—	—	—	11,669,593	—	11,669,593
Property and equipment, net	30,299,590	—	—	—	—	—	30,299,590	—	30,299,590
Total assets	\$ 313,758,367	106,165	80,626,345	100,000	80,832,510	—	394,590,877	(13,919,909)	380,670,968
Liabilities and Net Assets									
Liabilities:									
Grants payable	\$ 84,105,507	—	—	—	—	—	84,105,507	—	84,105,507
Accrued expenses and other liabilities	11,539,415	—	8,894,483	100,000	8,994,483	—	20,533,898	—	20,533,898
Liabilities under split-interest agreements	3,493,544	—	—	—	—	—	3,493,544	—	3,493,544
Due to affiliate	11,919,909	—	—	—	—	—	11,919,909	(11,919,909)	—
Loans payable	—	—	53,350,000	—	53,350,000	—	53,350,000	—	53,350,000
Bonds payable, net	31,056,566	—	—	—	—	—	31,056,566	—	31,056,566
Total liabilities	142,114,941	—	62,244,483	100,000	62,344,483	—	204,459,424	(11,919,909)	192,539,515
Net assets:									
Without donor restrictions	86,224,699	106,165	18,381,862	—	18,488,027	—	104,712,726	(2,000,000)	102,712,726
With donor restrictions	85,418,727	—	—	—	—	—	85,418,727	—	85,418,727
Total net assets	171,643,426	106,165	18,381,862	—	18,488,027	—	190,131,453	(2,000,000)	188,131,453
Total liabilities and net assets	\$ 313,758,367	106,165	80,626,345	100,000	80,832,510	—	394,590,877	(13,919,909)	380,670,968

See accompanying independent auditors' report.

UNITED STATES FUND FOR UNICEF AND AFFILIATES

Consolidating Schedule of Activities

Year ended June 30, 2021

	United States Fund for UNICEF	UNICEF USA IMPACT FUND FOR CHILDREN INC				BF-GAC	Total	Intercompany eliminations	Consolidated total
		Gifts-in-Kind	Bridge Fund	Fast Fund	Subtotal				
Public support and revenue:									
Public support:									
Contributions:									
Corporate	\$ 52,484,403	—	—	—	—	—	52,484,403	—	52,484,403
Major gifts	84,167,483	—	—	—	—	—	84,167,483	—	84,167,483
Foundations	142,375,255	—	—	—	—	—	142,375,255	—	142,375,255
Nongovernment organizations (NGO)	92,357,312	—	—	—	—	—	92,357,312	—	92,357,312
Direct marketing	56,298,043	—	—	—	—	—	56,298,043	—	56,298,043
Trick-or-treat program	261,380	—	—	—	—	—	261,380	—	261,380
Internet	34,296,766	—	—	—	—	—	34,296,766	—	34,296,766
Other	4,499,549	—	63,966,277	—	63,966,277	—	68,465,826	(24,384,451)	44,081,375
Gifts-in-kind	4,429,068	—	—	—	—	—	4,429,068	—	4,429,068
Special events income	5,217,709	—	—	—	—	—	5,217,709	—	5,217,709
Bequests and legacies	24,820,824	—	—	—	—	—	24,820,824	—	24,820,824
Provision for losses and discounts on restricted assets	(8,923,047)	—	—	—	—	—	(8,923,047)	—	(8,923,047)
Total public support	492,284,745	—	63,966,277	—	63,966,277	—	556,251,022	(24,384,451)	531,866,571
Revenue:									
Greeting cards revenue	1,125,893	—	—	—	—	—	1,125,893	—	1,125,893
Investment return	9,117,355	—	1,328,836	—	1,328,836	—	10,446,191	—	10,446,191
Change in value of split-interest agreements	(65,107)	—	—	—	—	—	(65,107)	—	(65,107)
Other	6,583,900	—	—	—	—	—	6,583,900	—	6,583,900
Total revenue	16,762,041	—	1,328,836	—	1,328,836	—	18,090,877	—	18,090,877
Total public support and revenue	509,046,786	—	65,295,113	—	65,295,113	—	574,341,899	(24,384,451)	549,957,448
Expenses:									
Program services:									
Grants to UNICEF and other NGOs	350,861,192	—	58,649,660	—	58,649,660	—	409,510,852	—	409,510,852
Grant to affiliate	24,384,451	—	—	—	—	—	24,384,451	(24,384,451)	—
Public information, education, and program services	13,120,834	—	1,899,792	—	1,899,792	—	15,020,626	—	15,020,626
Advocacy	2,863,899	—	—	—	—	—	2,863,899	—	2,863,899
Total program services	391,230,376	—	60,549,452	—	60,549,452	—	451,779,828	(24,384,451)	427,395,377
Supporting services:									
Management and general	20,011,921	—	162,367	—	162,367	—	20,174,288	—	20,174,288
Fund-raising expenses	63,555,306	—	178,551	—	178,551	—	63,733,857	—	63,733,857
Total supporting services	83,567,227	—	340,918	—	340,918	—	83,908,145	—	83,908,145
Total expenses	474,797,603	—	60,890,370	—	60,890,370	—	535,687,973	(24,384,451)	511,303,522
(Decrease) increase in net assets	34,249,183	—	4,404,743	—	4,404,743	—	38,653,926	—	38,653,926
Net assets:									
Beginning of year	137,394,243	106,165	13,977,119	—	14,083,284	—	151,477,527	(2,000,000)	149,477,527
End of year	\$ 171,643,426	106,165	18,381,862	—	18,488,027	—	190,131,453	(2,000,000)	188,131,453

See accompanying independent auditors' report.