

**UNFCU FOUNDATION INC.**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended  
DECEMBER 31, 2017**



**UNFCU FOUNDATION INC.**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
UNFCU Foundation Inc.

We have audited the accompanying financial statements of UNFCU Foundation Inc. ("UNFCU Foundation"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UNFCU Foundation as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Padilla and Company, LLP*

Jamaica, New York  
May 9, 2018

**UNFCU FOUNDATION INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2017**

**ASSETS**

	<u><b>Total</b></u>
Current Assets	
Cash (Note 3)	\$ 161,546
Prepaid Expenses (Note 5)	<u>8,000</u>
Total Assets	<u><u>\$ 169,546</u></u>

**NET ASSETS**

Net Assets	
Unrestricted net assets	\$ 167,546
Temporarily restricted net assets (Note 5)	<u>2,000</u>
Total Net Assets	<u>169,546</u>
Total Liabilities and Net Assets	<u><u>\$ 169,546</u></u>

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

**UNFCU FOUNDATION INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Contributions	\$ 375,833	\$ 10,000	\$ 385,833
Fundraising income (Net of direct benefit expenses) (Note 6)	157,071	-	157,071
Other Income	1,450	-	1,450
	<u>534,354</u>	<u>10,000</u>	<u>544,354</u>
Net assets released from restriction	<u>8,000</u>	<u>(8,000)</u>	<u>-</u>
	<u>542,354</u>	<u>2,000</u>	<u>544,354</u>
<b>Expenses</b>			
Program services			
Grants	443,438	-	443,438
Relief effort support	75,228	-	75,228
	<u>518,666</u>	<u>-</u>	<u>518,666</u>
Support services			
General and administrative	17,607	-	17,607
Fundraising	21,058	-	21,058
	<u>38,665</u>	<u>-</u>	<u>38,665</u>
<b>Total expenses</b>	<u>557,331</u>	<u>-</u>	<u>557,331</u>
<b>Change in net assets</b>	(14,977)	2,000	(12,977)
<b>Net assets, beginning of year</b>	<u>182,523</u>	<u>-</u>	<u>182,523</u>
<b>Net assets, end of the year</b>	<u>\$ 167,546</u>	<u>\$ 2,000</u>	<u>\$ 169,546</u>

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

**UNFCU FOUNDATION INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (12,977)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:	
(Increase)/Decrease in Prepaid Expense	(8,000)
<b>Net cash provided by (used in) operating activities</b>	<b>(20,977)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-
<b>NET INCREASE (DECREASE) IN CASH</b>	(20,977)
<b>CASH, BEGINNING OF YEAR</b>	182,523
<b>CASH, END OF YEAR</b>	<b>\$ 161,546</b>

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

**UNFCU FOUNDATION INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Program		Total Program Expenses	Support		Total Expenses
	Grants	Relief Effort Support		General and Administrative	Fundraising	
Expenses						
Grants and other assistance to org.	\$ 443,438	\$ 75,228	\$ 518,666	\$ -	\$ -	\$ 518,666
Insurance	-	-	-	2,187	-	2,187
State registrations	-	-	-	75	-	75
Advertising and promotion	-	-	-	3,593	18,282	21,875
Office expenses	-	-	-	10,897	-	10,897
Permits	-	-	-	-	1,616	1,616
Bank fees	-	-	-	292	-	292
Travel and travel meals	-	-	-	563	1,160	1,723
Total Expenses	\$ 443,438	\$ 75,228	\$ 518,666	\$ 17,607	\$ 21,058	\$ 557,331

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

**UNFCU FOUNDATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**1. ORGANIZATION AND OPERATIONS**

UNFCU Foundation Inc. ("UNFCU Foundation") is a not-for-profit organization established to support organizations and initiatives that work to eradicate extreme poverty and hunger, promote gender equality, empower girls and other youth by offering them opportunities for self-development, improve maternal health and reduce child mortality, combat AIDS/HIV, malaria and other diseases and promote environmental sustainability and provide disaster relief. UNFCU Foundation is exempt from income tax under section 501(c)(3) of the US Internal Revenue code and is not a private foundation.

The mission of UNFCU Foundation is to reduce poverty through education and healthcare programs, especially among women and children in developing countries and in New York City.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

UNFCU Foundation prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for Not-for-Profit organizations. The significant accounting and reporting policies used by UNFCU Foundation are described subsequently to enhance the usefulness and understandability of the financial statements.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) in its Statement No. 958-205, Financial Statements of Not-for-Profit Organizations. Under ASC Statement No. 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**UNFCU FOUNDATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. UNFCU Foundation's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. For example, the portion of donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class. As of December 31, 2017, UNFCU Foundation has no permanently restricted net assets.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses are reported as decreases in unrestricted net assets.

*Accounting for Contributions*

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**UNFCU FOUNDATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Expense Recognition and Allocation*

The cost of providing UNFCU Foundation's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of UNFCU Foundation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. UNFCU Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, UNFCU Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. UNFCU Foundation's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

*Tax Status*

UNFCU Foundation is incorporated exempt from federal income taxation under Section 501(c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to UNFCU Foundation are tax deductible to donors under Section 170 of the IRC.

UNFCU Foundation's federal and state income tax returns for the years after 2014 remains subject to examination by relevant taxing authorities.

**UNFCU FOUNDATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**3. CONCENTRATION OF CREDIT RISK**

UNFCU Foundation deposits its cash with high quality financial institutions, and management believes UNFCU Foundation is not exposed to significant credit risk on those amounts. The maximum National Credit Union Administration (NCUA) insurance is \$250,000 per insured credit union. As of the report date, the organization has not experienced any losses.

**4. RELATED PARTY TRANSACTIONS**

The UNFCU Foundation's mission is to eliminate poverty among women and children by providing grants which support healthcare and education initiatives and livelihoods training. The Foundation works with certain United Nations (UN) agencies as well as other charitable organizations and Non-governmental organizations (NGOs) that specialize in efforts to improve the lives of women and children both in the United States and in developing countries. United Nations Federal Credit Union (UNFCU) is the largest donor of UNFCU Foundation, with \$364,582 donations made during fiscal year ended December 31, 2017.

The UNFCU Foundation Board of Directors is comprised of five volunteers from UNFCU's senior management team and board of directors. UNFCU also provides staff support to UNFCU Foundation. However, the foundation is not assigning any value to this type of contribution.

**5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2017 consist of:

	<b>Total</b>
Nairobi Golf event 2018	\$ 10,000
Less: Net assets released from restrictions	<u>(8,000)</u>
Balance at year-end	<u><u>\$ 2,000</u></u>

The UNFCU granted \$10,000 to UNFCU Foundation Inc. restricted to expenses related to the 2018 Nairobi Golf event. As of December 31, 2017, \$8,000 was paid in advance for the event venue.

**UNFCU FOUNDATION INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**6. FUNDRAISING EVENTS**

	<u>Golf</u>	<u>Annual Gala</u>	<u>Other Events</u>	<u>Total</u>
Gross revenue	\$ 113,001	\$ 103,758	\$ 17,007	\$ 233,766
Less: Direct fundraising expenses	(35,972)	(34,522)	(6,201)	(76,695)
Subtotal	<u>77,029</u>	<u>69,236</u>	<u>10,806</u>	<u>157,071</u>
Less: Indirect fundraising expenses	(11,889)	(9,370)	(3,237)	(24,496)
<b>Net fundraising revenue</b>	<b><u><u>\$ 65,140</u></u></b>	<b><u><u>\$ 59,866</u></u></b>	<b><u><u>\$ 7,569</u></u></b>	<b><u><u>\$ 132,575</u></u></b>

**7. SUBSEQUENT EVENTS**

UNFCU Foundation has evaluated subsequent events through May 9, 2018, the date the financial statements were available for issuance. UNFCU Foundation concluded that there are no subsequent events for disclosure.

