004177|20 . REG No. FC030857

Unbound Philanthropy and Subsidiary

Consolidated Financial Statements

December 31, 2012

O'CONNOR DAVIES   PKF

Independent Auditors' Report

The Board of Directors
Unbound Philanthropy

We have audited the accompanying consolidated financial statements of Unbound Philanthropy and Subsidiary (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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

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 financial statements are free of 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 auditors' 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 consolidated financial position of Unbound Philanthropy and Subsidiary as of December 31, 2012, and the changes in their consolidated net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

O'Connor Davies, LLP

March 3, 2014

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Unbound Philanthropy
and Subsidiary

Consolidated Statement of Financial Position
December 31, 2012

ASSETS	
Cash and cash equivalents	$ 9,199,198
Receivable from sale of investments	2,500,000
Prepaid expenses and other assets	7,436
Prepaid federal excise tax	95,788
Investments	149,134,755
Equipment, furniture and improvements, net	55,939
	$160,993,116
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 206,598
Grants payable	3,495,181
Deferred federal excise tax	460,000
Total Liabilities	4,161,779
Net Assets, Unrestricted	156,831,337
	$160,993,116

Printed Name Deborah K Berger
Signature ____________
Signed by Board Chair on behalf of
Unbound Philanthropy

See notes to consolidated financial statements

Unbound Philanthropy
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Consolidated Statement of Activities
Year Ended December 31, 2012

INCOME AND SUPPORT	
Realized investment income	
Realized gain on sale of investments	$ 9,254,732
Dividends and interest	4,721
Other income	13,898
Realized Investment Income	9,273,351
Contributions	24,100,000
Foreign currency exchange gain	82,281
Total Income and Support	33,455,632
EXPENSES	
Grants made	7,934,893
Operations and governance	2,592,679
Federal excise tax	85,505
Total Expenses	10,613,077
Excess of Income Over Expenses	22,842,555
Unrealized appreciation of investments, net of provision for deferred Federal excise tax of $460,000	3,636,640
Change in Net Assets	26,479,195
NET ASSETS	
Beginning of year	130,352,142
End of year	$156,831,337

See notes to consolidated financial statements

Unbound Philanthropy
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Consolidated Statement of Cash Flows
Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 26,479,195
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	19,092
Unrealized gain on investments	(4,096,640)
Realized gain from sale of investments	(9,254,732)
Deferred federal excise tax provision	460,000
Net changes in operating assets and liabilities	
Accounts receivable	(2,500,000)
Prepaid expenses and other assets	(542)
Prepaid federal excise tax	(88,795)
Accounts payable and accrued liabilities	111,550
Rent deposit	(6,500)
Grants payable	1,053,628
Net Cash From Operating Activities	12,176,256
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(47,000,000)
Proceeds from sale of investments	29,136,589
Purchase of equipment, furniture and improvements	(21,238)
Net Cash From Investing Activities	(17,884,649)
Net Change in Cash and Cash Equivalents	(5,708,393)
CASH AND CASH EQUIVALENTS	
Beginning of year	14,907,591
End of year	$ 9,199,198
SUPPLEMENTAL CASH FLOW INFORMATION	
Federal excise and unrelated business income taxes paid	$ 174,300

See notes to consolidated financial statements

Unbound Philanthropy
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Notes to Consolidated Financial Statements
December 31, 2012

1. Organization

Unbound Philanthropy is a private grant making foundation chartered in Hawaii in 2005 dedicated to ensuring that migrants, refugees and their families are treated with respect and dignity, are able to contribute fully in their new communities and can ultimately thrive in a society that is comfortable with the diversity and opportunity that immigration brings Unbound Philanthropy is a nonprofit organization exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the "Code"), and is a private foundation as defined in Section 509(a) of the Code

Unbound Investments, Ltd (the "Subsidiary") is a Cayman Island company organized in 2005 as a wholly owned subsidiary of the Foundation to support the charitable activities of the Foundation Unbound Philanthropy and its Subsidiary are collectively known as the "Foundation"

2 Summary of Significant Accounting Policies

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or the absence of donor-imposed restrictions The Foundation's net assets are neither permanently nor temporarily restricted by donor-imposed restrictions and are classified as unrestricted

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("U S GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Principles of Consolidation

The consolidated financial statements include the accounts of Unbound Philanthropy and its wholly owned subsidiary, Unbound Investments, Ltd All intercompany balances and transactions have been eliminated

Cash Equivalents

Cash equivalents represent short-term investments with maturities at the time of purchase of three months or less

2 Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements

The Foundation follows U S GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist

Investments Valuation

Investments are carried at fair value The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund U S GAAP guidance provides for the use of NAV as a "Practical Expedient" for estimating fair value of alternative investments NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation's interest therein and their classification within Level 2 or 3 is based on the Foundation's ability to redeem its interest in the near term

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date Realized gains and losses on the sale of investments are computed on the specific identification basis. Realized and unrealized gains and losses are included in the determination of the change in net assets

Investments Risks and Uncertainties

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material

Unbound Philanthropy and Subsidiary

Notes to Consolidated Financial Statements
December 31, 2012

2. Summary of Significant Accounting Policies *(continued)*

Equipment, Furniture and Improvements

Leasehold improvements are amortized over the terms of the office leases Equipment and furniture are carried at cost Depreciation is computed using the straight-line method over the estimated useful life of the asset The useful lives by asset class range from 3 to 7 years

Grant Expense

The Foundation recognizes grant expense upon award of the grant

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained Management has determined that the Foundation has no uncertain tax positions that would require financial statement disclosures The Foundation is no longer subject to examinations by applicable taxing jurisdictions for periods prior to December 31, 2009

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 3, 2014

3. Concentrations of Credit Risk

The Foundation's cash, cash equivalents and investments are potentially exposed to concentrations of credit risk The Foundation invests its cash and equivalents with quality financial institutions The Foundation invests in limited partnerships The Foundation routinely assesses the diversification and financial strength of its cash and investment portfolio As a consequence, concentrations of credit risk are limited

Unbound Philanthropy
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Notes to Consolidated Financial Statements
December 31, 2012

4. Investments

The following are major categories of investments at December 31 2012, grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis

Description	Level 1	Level 2	Level 3	Total
Hedge Funds				
Diversified Global Macro	$ -	$ 43,928,162	$ -	$ 43,928,162
Credit Relative Value	-	70,252,340	-	70,252,340
Fixed Income Relative Value	-	6,717,030	-	6,717,030
Diversified Systematic	-	12,356,937	-	12,356,937
Long/Short Equity	-	307,729	-	307,729
Diversified Emerging Market	-	15,572,557	-	15,572,557
Total Investments, at fair value	$ -	$ 149,134,755	$ -	$ 149,134,755

There were no transfers into or out of each level of the fair value hierarchy for assets measured at fair value for the year ended December 31, 2012

Three of the hedge funds represented 41%, 24% and 10%, respectively, of the Foundations' total investment portfolio at December 31, 2012

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2012 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds				
Diversified Global Macro (a)	$ 43,928,162	$ -	Quarterly	30 day
Credit Relative Value (b)	70,252,340	-	Quarterly	30 day
Fixed Income Relative Value (c)	6,717,030	-	Quarterly	30 day
Diversified Systematic (d)	12,356,937	-	Monthly	30 day
Long/Short Equity (e)	307,729	-	Quarterly	90 day
Diversified Emerging Market (f)	15,572,557	-	Monthly	30 day
	$ 149,134,755	-		

(a) *Diversified Global Macro* - This class includes investments in hedge funds that employ both a discretionary trading strategy in G12 developed markets interest rates and foreign exchange and a systematic trend following strategy which employs a statistical framework to determine trends across fixed income, foreign exchange, commodity and equity markets

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Notes to Consolidated Financial Statements
December 31, 2012

4 Investments (continued)

(b) *Credit Relative Value - This class includes hedge funds that employ an index arbitrage strategy which aims to capture price differentials between credit default swap indices and their constituencies*

(c) *Fixed Income Relative Value* - This class includes investments in hedge funds that employ strategies that exploit interest rate anomalies in large liquid markets of North America, Europe and the Pacific Rim The financial instruments traded include government bonds, interest rate swaps and futures contracts

(d) *Diversified Systematic* - This class includes hedge funds with investment objectives that seek to achieve long term appreciation in the value of its assets through the implementation of systematic rules based trading models

(e) *Long/Short Equity* - This class includes hedge funds that invest in value stocks to create its investment portfolios. It employs long and short strategies in its investments and purchases equities in the companies

(f) *Diversified Emerging Market* - This class includes hedge funds that employ multiple strategies in investments in emerging markets These investments include equities, real estate, commodities and foreign exchange in these markets

5. Equipment, furniture and improvements

Equipment, furniture and improvements are summarized as follows at December 31, 2012

Cost	$ 110,022
Accumulated depreciation	(54,083)
	$ 55,939

6 Federal Excise Tax

The Foundation is subject to excise tax of 2% of its net investment income, as defined, for tax purposes However the excise tax is reduced to 1% if certain conditions are met

Deferred taxes principally arise from the differences between the cost and fair value of investments The Foundation provides for deferred Federal excise tax at 2% on the net unrealized appreciation in the fair value of investments At December 31, 2012 the fair value of the Foundation's investments exceeded the total cost, accordingly deferred Federal excise taxes payable at December 31, 2012 amounted to $460,000

The Foundation's investment in certain alternative investments gives rise to the potential for unrelated business income tax liabilities taxed at general corporate rates

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Notes to Consolidated Financial Statements
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7. Retirement Plan

Retirement benefits under a defined contribution plan are provided to full-time employees who have completed 1,000 hours of service in any given year The Foundation contributes 3% of an employees' annual salary to the plan Retirement plan expense was $20,451 for 2012

8. Lease Commitments

The Foundation leased office space in New York City under an operating lease which expires in December 2013 The lease provides for additional payments based on increases in real estate taxes and operating expenses Minimum future obligations under the lease, exclusive of required payments for increases in real estate taxes and operating expenses are $259,323 The lease is secured by a $52,900 letter of credit

9. Subsequent Event

On August 9, 2013 the Foundation entered a ten year lease for new premises in New York City The Foundation moved to its new location as of January, 2014 Annual rent for the first five years and the second five year of the lease will be $415,944 and $444,829 The lease is to be secured with a letter of credit for $207,972

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