

**Carnegie Council for Ethics in
International Affairs, Inc. and Affiliate**

Combined Audited Financial Statements

December 31, 2025

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Combined Audited Financial Statements

December 31, 2025

CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Combined Statement of Financial Position	3
Combined Statement of Activities	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to Combined Financial Statements	7-16

Independent Auditor's Report

To the Board of Trustees
Carnegie Council for Ethics in
International Affairs, Inc. and Affiliate

Opinion

We have audited the accompanying combined financial statements of Carnegie Council for Ethics in International Affairs, Inc. and Affiliate (the "Council and Affiliate"), which comprise the combined statement of financial position as of December 31, 2025, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements (collectively the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council and Affiliate as of December 31, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council and Affiliate's ability to continue as a going concern within one year after the date that the combined financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Council and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Sax LLP

New York, NY
June 30, 2026

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Combined Statement of Financial Position

As of December 31, 2025

ASSETS

Cash and cash equivalents	\$ 609,413
Pledges receivable	180,000
Prepaid expenses	49,493
Property and equipment, net	4,638,806
Cash and cash equivalents - board designated fund	189,878
Investments - board designated fund	29,373,835
Investments - donor restricted endowment	22,611,607
Works of art	<u>96,350</u>
TOTAL ASSETS	<u>\$ 57,749,382</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 122,285
Grant advances	<u>14,295</u>
Total liabilities	<u>136,580</u>

NET ASSETS

Without donor restrictions	
Operations	5,230,035
Board designated reserve	<u>29,563,713</u>
Total without donor restrictions	<u>34,793,748</u>
With donor restrictions	<u>22,819,054</u>
Total net assets	<u>57,612,802</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 57,749,382</u>
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The attached notes and auditor's report are an integral part of these financial statements.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Combined Statement of Activities

For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions			Total
		Donor Restricted Support	Donor Restricted Endowment	Total With Donor Restrictions	
REVENUE AND OTHER SUPPORT					
Contributions	\$ 259,884	\$ 16,110	\$ -	\$ 16,110	\$ 275,994
Grants	31,110	-	-	-	31,110
Dividend and interest income	828,843	-	608,953	608,953	1,437,796
Publishing fees	75,073	-	-	-	75,073
Other income	56,499	-	-	-	56,499
Net assets released from restriction	758,663	(8,663)	(750,000)	(758,663)	-
Total revenue and other support	2,010,072	7,447	(141,047)	(133,600)	1,876,472
EXPENSES					
Program services	3,631,797	-	-	-	3,631,797
Supporting services:					
Management and general	720,965	-	-	-	720,965
Fundraising	696,512	-	-	-	696,512
Total supporting services	1,417,477	-	-	-	1,417,477
Total expenses	5,049,274	-	-	-	5,049,274
Change in net assets from operating activities	(3,039,202)	7,447	(141,047)	(133,600)	(3,172,802)
NON OPERATING ACTIVITIES					
Net investment return	3,275,620	-	2,680,635	2,680,635	5,956,255
Change in net assets	236,418	7,447	2,539,588	2,547,035	2,783,453
NET ASSETS, beginning of year	34,557,330	200,000	20,072,019	20,272,019	54,829,349
NET ASSETS, end of year	\$ 34,793,748	\$ 207,447	\$ 22,611,607	\$ 22,819,054	\$ 57,612,802

The attached notes and auditor's report are an integral part of these financial statements.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Combined Statement of Functional Expenses

For the Year Ended December 31, 2025

	Program Services					Supporting Services				
	Impact Initiatives	Public Affairs	Communications and Internet Multimedia	Print Publications	Climate Geoengineering Governance Project	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 827,656	\$ -	\$ 577,083	\$ 243,063	\$ 59,993	\$ 1,707,795	\$ 284,507	\$ 313,986	\$ 598,493	\$ 2,306,288
Payroll taxes and employee benefits	223,941	-	156,143	65,766	16,233	462,083	76,981	84,956	161,937	624,020
Professional fees	223,135	-	193,397	58,080	161,719	636,331	186,429	205,664	392,093	1,028,424
Office expenses	29,548	-	62,759	9,153	2,117	103,577	72,433	12,976	85,409	188,986
Marketing and promotion	1,000	-	61,531	294	73	62,898	344	379	723	63,621
Insurance	7,750	6,028	5,597	12,056	5,167	36,598	6,459	-	6,459	43,057
Repairs and maintenance	44,630	10,356	31,451	29,909	11,147	127,493	21,860	11,880	33,740	161,233
Program events and other meetings	1,875	-	1,307	551	136	3,869	644	711	1,355	5,224
Travel	78,106	-	54,460	22,938	5,662	161,166	26,849	29,631	56,480	217,646
Stipends	15,566	-	11,584	23,216	84,742	135,108	11,994	500	12,494	147,602
Total expenses before depreciation expense	1,453,207	16,384	1,155,312	465,026	346,989	3,436,918	688,500	660,683	1,349,183	4,786,101
Depreciation expense	94,445	-	65,852	27,736	6,846	194,879	32,465	35,829	68,294	263,173
Total expenses for statement of activities	\$ 1,547,652	\$ 16,384	\$ 1,221,164	\$ 492,762	\$ 353,835	\$ 3,631,797	\$ 720,965	\$ 696,512	\$ 1,417,477	\$ 5,049,274

The attached notes and auditor's report are an integral part of these financial statements.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Combined Statement of Cash Flows

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,783,453
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation expense	263,173
Realized gain on investments	(499,258)
Unrealized gain on investments	(5,497,645)
Changes in assets and liabilities:	
Prepaid expenses	30,936
Accounts payable and accrued expenses	34,304
Total adjustments	<u>(5,668,490)</u>
Net cash used for operating activities	<u>(2,885,037)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments (includes reinvestment dividends)	(25,302,678)
Proceeds from sales of investments	8,486,408
Purchases of property and equipment	<u>(196,401)</u>
Net cash used for investing activities	<u>(17,012,671)</u>

Net decrease in cash, cash equivalents and restricted cash	(19,897,708)
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CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	<u>20,696,999</u>
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CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	<u>\$ 799,291</u>
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Cash, cash equivalents and restricted cash:	
Cash, and cash equivalents	\$ 609,413
Cash, and cash equivalents - board designated fund	189,878
Total cash, cash equivalents and restricted cash	<u>\$ 799,291</u>

SUPPLEMENTAL CASH FLOW INFORMATION

No interest or taxes were paid.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 1 - Organization and Nature of Activities

The Carnegie Council for Ethics in International Affairs, Inc. (the "Council") is an independent, nonpartisan, nonprofit organization dedicated to increasing understanding of the relationship between ethics and international affairs.

The Council fulfills its mission through the following programs:

Impact Initiatives: Each Initiative drives forward actionable real-world solutions in the areas of climate change, migration, artificial intelligence, and foreign policy. Each Impact Initiative is spearheaded by leading experts from academia, government, business, and civil society, who have joined the Council in the role of Senior Fellow.

Public Affairs: Programs feature lectures and studio interviews with prominent intellectuals and practitioners; student engagement events, international student essay contests, and annual student research conferences.

Communications and Internet Multimedia: The Carnegie Ethics Studio produces podcasts, videos, transcripts, and live streams of the Council's public programs, special events, and closed-set studio interviews. The Studio ensures that the Council's sponsored research and public education programs reach worldwide audiences through free and widely accessible channels. These have historically included public radio and Telly Award winning public television programs. Today, the Studio focuses on its growing online distribution networks, including the Council's top-rated podcast and video channels on iTunes and YouTube.

Print Publications: Peer-reviewed journal *Ethics & International Affairs*, published quarterly in print and online through Cambridge University Press.

Climate Geoengineering Governance Project ("C2G"): C2G catalyzes international agreements to help prevent the deployment of solar radiation modification unless the risks and potential benefits are sufficiently understood, and international governance frameworks are agreed. C2G will encourage discussions about the governance of large-scale carbon dioxide removal at the appropriate sub-national, national, and global levels, including in particular at the United Nations Framework Convention on Climate Change ("UNFCCC").

The accompanying combined financial statements include Carnegie Council for Ethics in International Affairs, Inc. (the "Council") and Carnegie Council Fund, Inc. (the "Fund") (collectively, the "Council and Affiliate").

The Fund is a not-for-profit corporation incorporated on August 15, 2001 as the supporting organization for the Council.

The companies are related through common control. All intercompany accounts have been eliminated in combining the entities.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The combined financial statements of the Council and Affiliate have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation

The Council and Affiliate reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets Without Donor Restrictions* - represents all activity without donor-imposed restrictions. The Council has a board designated fund that is held in an investment account. Net assets consist of all assets contributed to the Council and Affiliate which are designated for future programs by the Board of Trustees of the Council and Affiliate.
- *Net Assets with Donor Restrictions* - relates to contributions of cash and other assets with donor stipulations that make clear the assets' restriction, either due to a program nature, the passage of time, or must remain in perpetuity.

c. Revenue Recognition

The Council and Affiliate follows the requirements of Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. The Council and Affiliate analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

The Council receives publishing fees in exchange for use of the name of the organization and content. Publishing fees are recognized as performance obligations and were met over the course of the year ended December 31, 2025.

The Council and Affiliate follows FASB ASC 958-605 for recording grants and contributions, which are recognized at the time the grant and contribution becomes unconditional in nature. Grants and contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the combined statement of activities. However, when a restriction is met in the period the grant and contribution is received, it is recorded as net assets without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

The Council and Affiliate did not receive conditional pledges during the year ended December 31, 2025.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

c. Revenue Recognition - Continued

Unconditional promises to give are recorded at net realizable value if expected to be received in less than one year.

Management reviews all pledges receivable for collectability based on various factors such as historical experience, donor credit worthiness, and subsequent collections. Based on this review, no reserves have been established for pledge receivables during the year ended December 31, 2025.

d. Cash, Cash Equivalents and Restricted Cash

The Council and Affiliate consider all liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Restricted cash includes board designated funds and a donor restricted endowment, and is included within cash, cash equivalents and restricted cash on the combined statement of cash flows.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Council and Affiliate to a concentration of credit risk consist of cash, money market accounts and investment securities which have been placed with high-quality financial institutions that management deems to be creditworthy. Investments are subject to market value fluctuations and principal is not guaranteed. At times, balances may exceed federally insured limits. While at period end there were material uninsured balances, management feels it has little risk and has not experienced any losses due to bank failure.

f. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are included as non-operating income.

g. Fair Market Value Measurements

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Council and Affiliate have the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

h. Property and Equipment

Purchases of buildings, building improvements, furniture and fixtures, and equipment that exceed \$1,000 which the Council and Affiliate retain title to, and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation is recorded using the straight-line method over the asset's estimated useful life.

i. Works of Arts

Works of art are stated at their appraisal value at the time of purchase or donation. The Council and Affiliate do not depreciate these items.

Works of art consist of paintings, antique furniture, and rugs. There were no portraits received for the year ended December 31, 2025.

j. In-Kind Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of services that assist the Council and Affiliate. These services do not meet the criteria of in-kind services and have not been recorded in the combined financial statements.

k. Management Estimates

The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the combined financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs were allocated based on time and effort:

- Salaries
- Payroll taxes and employee benefits
- Office expenses
- Depreciation expense

All other expenses have been charged directly to the applicable program or supporting services.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 2 - Summary of Significant Accounting Policies - Continued

m. Advertising Costs

Advertising costs are expensed as incurred.

n. Accounting for Uncertainty of Income Taxes

The Council and Affiliate have been notified by the Internal Revenue Service that they are not-for-profit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and have not been determined to be a private foundation as defined in Section 509(a).

The Council and Affiliate do not believe their combined financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2022 and later are subject to examination by applicable taxing authorities.

Note 3 - Pledges Receivable

Pledges receivable are expected in the following periods:

Year ending:		
	December 31, 2026	\$ 40,000
	December 31, 2027	20,000
	December 31, 2028	20,000
	December 31, 2029	20,000
	Thereafter	80,000
Total		\$ 180,000

Contributions receivable have not been discounted using present value techniques due to the immaterial nature of the discount.

Note 4 - Property and Equipment

Property and equipment consist of the following as of December 31, 2025:

Land	\$ 19,501
Buildings (25 years)	4,234,281
Building improvements (25 years)	6,048,600
Furniture and fixtures (8 years)	388,061
Equipment (5 years)	604,771
	11,295,214
Less: accumulated depreciation	(6,656,408)
Total property and equipment, net	\$ 4,638,806

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 5 - Investments and Fair Value Measurements

The following summarizes the composition of investments as of December 31, 2025:

Level 1 Securities:	
U.S. Mutual Funds	\$ 21,607,859
U.S. Equities - Stock	17,630,685
Foreign Equities	<u>11,902,540</u>
Total Level 1 Securities	<u>51,141,084</u>
Total Investments at fair value	<u>\$ 51,141,084</u>
Investments in limited partnerships and private equity - board designated:	
Investments measured at net asset value:	
Limited partnerships and private equity	<u>\$ 844,358</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on.

The Council and Affiliate's investments carried at NAV include entities that invest in various domestic and international types of securities and derivative financial instruments. Redemptions of the Council and Affiliate's investments in these investment entities vary, but are primarily available at month-end, quarter-end, or year-end with appropriate notice. There can be no assurance that the Council and Affiliate will continue the same level of returns on their investments in limited partnerships that they have received during the past periods or that they will achieve any returns on such investments at all.

In addition, there can be no assurance that the Council and Affiliate will receive a return of all or any portion of their current or future capital investments in limited partnerships. The failure of the Council and Affiliate to receive the return of a material portion of their capital investments could have a material adverse effect on the Council and Affiliate's financial condition and results of operations.

Management fees and incentive fees are charged by the investment entities at annual rates. These fees are embedded in the net realized and unrealized gains on investments in the accompanying combined statement of activities.

These methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 5 - Investments and Fair Value Measurements - Continued

The following summarizes investment return for the year ended December 31, 2025:

Unrealized gain	\$ 5,497,645
Realized gain	499,258
Investment fees	(40,648)
Total	<u>\$ 5,956,255</u>

Note 6 - Endowment

Endowment funds consist of the following as of December 31, 2025:

Cash and cash equivalents - board designated fund	\$ 189,878
Investments - board designated fund	29,373,835
Investments - donor restricted endowment	<u>22,611,607</u>
Total	<u>\$ 52,175,320</u>

Endowment assets include those assets that are board designated, as approved by the Board of Trustees of the Council. These endowment funds are invested in a diversified portfolio of investments, which includes cash, mutual funds, hedge fund of funds, limited partnerships, and private equity funds.

The Council has adopted investment and spending policies for board designated endowment assets that attempt to provide a stream of returns that would be utilized to fund the operations of the Council while seeking to maintain the purchasing power of endowment assets.

On October 7, 2024, the Council and Affiliate received a \$20 million contribution to create a special interest-bearing donor restricted endowment fund to house the endowment with an investment and annual disbursement plan. Upon creation and funding of the endowment, fund assets will be managed in accordance with the Council and Affiliate's endowment policy and overseen by the investment and executive committee.

As it relates to the donor restricted endowment fund, the Council and Affiliate follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the board of directors has interpreted as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the Council and Affiliate will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, the Council and Affiliate has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 6 - Endowment - Continued

As a result of this interpretation, the Council and Affiliate classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditure, therefore they have been classified in the net asset class with donor restrictions.

Spending Policies

The Council and Affiliate have adopted investment and spending policies for endowment assets that attempt to provide sufficient income to meet various program and operational expenses, and to extend the pursuit of the Council and Affiliate's mission in perpetuity. The targeted rate of return on the Council and Affiliate's investment assets is approximately 6% plus the average rate of U.S. inflation, subject to annual review. To satisfy its long-term rate of return objectives, the Council and Affiliate target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve their long-term return objectives with prudent risk.

The Council and Affiliate's asset allocation also includes alternative equity investments. Within the alternative equity investment categories, the Council and Affiliate are mindful of each investment manager's strategies and the liquidity of each manager's investment portfolio.

In accordance with NYPMIFA, the Council and Affiliate considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Council and Affiliate and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Council and Affiliate;
- (7) The investment policies of the Council and Affiliate;
- (8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Council and Affiliate.

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Council and Affiliate to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2025.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 6 - Endowment - Continued

The following table provides a reconciliation of the change in the Council and Affiliate's endowment fund for the year ended December 31, 2025:

	Board Designated Reserve	Endowment Earnings	Endowment Corpus	Total
Endowment fund, beginning of period	\$ 29,288,009	\$ 72,019	\$ 20,000,000	\$ 49,360,028
Contributions	-	-	-	-
Dividend and interest income	828,841	608,953	-	1,437,794
Investment fees	(31,827)	(8,826)	-	(40,653)
Realized gain	380,510	118,755	-	499,265
Unrealized gain	2,926,939	2,570,706	-	5,497,645
Appropriation for expenditure	(3,828,759)	(750,000)	-	(4,578,759)
Endowment fund, end of period	<u>\$ 29,563,713</u>	<u>\$ 2,611,607</u>	<u>\$ 20,000,000</u>	<u>\$ 52,175,320</u>

Note 7 - Net Assets with Donor Restrictions - Program

The following summarizes the nature of net assets restricted for specific programs for the year ended December 31, 2025:

	Balance 1/1/2025	Contributions	Released from Restrictions	Balance 12/31/2025
Program/purpose:				
Carnegie Ethics Fellows	\$ 200,000	\$ -	\$ -	\$ 200,000
Impact Initiatives	-	16,110	(8,663)	7,447
Total	<u>\$ 200,000</u>	<u>\$ 16,110</u>	<u>\$ (8,663)</u>	<u>\$ 207,447</u>

Note 8 - Pension Plan

The Council and Affiliate maintain a defined contribution - money purchase pension plan for all employees having more than one year of service. The employees contribute 6% of their annual salary and the Council and Affiliate contribute 10%. Employee benefits under the plan are vested immediately and consist of annuities bought with the contributions to the employees' account. Pension expense for the year ended December 31, 2025 is \$205,832 and has been included in payroll taxes and employee benefits expense on the combined statement of functional expenses.

Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

December 31, 2025

Note 9 - Availability and Liquidity

Financial assets available within one year of the date of the combined statement of financial position for general expenditures are as follows:

Cash and cash equivalents	\$ 609,413	
Pledges receivable	<u>180,000</u>	
Total		\$ 789,413
Less amounts not available for general expenditures:		
Amounts included as financial assets that are restricted for future periods		<u>(207,447)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$ 581,966</u>

The Council and Affiliate maintain cash on hand to be available for their general expenditures, liabilities, and other obligations for ongoing operations. In addition, the Council and Affiliate maintain a board designated investment portfolio as a reserve to cover future operating expenses. As part of their liquidity management, the Council and Affiliate operate their programs within a board approved budget and rely on contributions, earned income, and appropriations from the endowment and the board designated reserve to fund their operations and program activities.

The Council and Affiliate's board designated funds are held for long-term purposes; therefore, these assets are not considered available for general expenditures until they are appropriated for spending.

Note 10 - Subsequent Events

Subsequent events have been evaluated through June 30, 2026, the date the combined financial statements were available to be issued. There were no material events that have occurred that require adjustment to, or disclosure in, the combined financial statements.