

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

Combined Audited Financial Statements

June 30, 2024

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

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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 June 30, 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council and Affiliate as of June 30, 2024, 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 these 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 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.

Report on Summarized Comparative Information

We have previously audited the Council and Affiliate's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax CPAs LLP

New York, NY
November 25, 2024

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

Combined Statement of Financial Position

At June 30, 2024
(with comparative totals at June 30, 2023)

	June 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 709,415	\$ 1,521,568
Pledges receivable	-	950,000
Prepaid expenses	18,557	12,715
Property and equipment, net	4,704,175	3,203,875
Cash and cash equivalents - board designated fund	55,379	80,758
Investments - board designated fund	30,312,440	31,872,959
Works of art	91,850	91,850
	\$ 35,891,816	\$ 37,733,725
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 65,511	\$ 210,227
Grant advances	103,170	141,847
Total liabilities	168,681	352,074
NET ASSETS		
Without donor restrictions		
Operations	5,205,316	4,377,493
Board designated	30,367,819	31,953,717
Total without donor restrictions	35,573,135	36,331,210
With donor restrictions	150,000	1,050,441
Total net assets	35,723,135	37,381,651
	\$ 35,891,816	\$ 37,733,725

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 June 30, 2024
(with comparative totals for the year ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/24	Total 6/30/23
REVENUE AND OTHER SUPPORT				
Contributions	\$ 894,986	\$ 362,676	\$ 1,257,662	\$ 1,846,466
Dividend and interest income	769,576	-	769,576	631,654
Publishing fees	112,142	-	112,142	56,553
Net assets released from restriction	1,263,117	(1,263,117)	-	-
Total revenue and other support	3,039,821	(900,441)	2,139,380	2,534,673
EXPENSES				
Program services	4,509,454	-	4,509,454	4,493,125
Supporting services:				
Management and general	887,716	-	887,716	846,498
Fundraising	575,277	-	575,277	306,160
Total supporting services	1,462,993	-	1,462,993	1,152,658
Total expenses	5,972,447	-	5,972,447	5,645,783
Change in net assets from operating activities	(2,932,626)	(900,441)	(3,833,067)	(3,111,110)
NON OPERATING ACTIVITIES				
Net investment return	2,174,551	-	2,174,551	1,492,519
Change in net assets	(758,075)	(900,441)	(1,658,516)	(1,618,591)
NET ASSETS, beginning of year	36,331,210	1,050,441	37,381,651	39,000,242
NET ASSETS, end of year	\$ 35,573,135	\$ 150,000	\$ 35,723,135	\$ 37,381,651

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 June 30, 2024
(with comparative totals for the year ended June 30, 2023)

	Program Services					Supporting Services			Total Expenses 6/30/24	Total Expenses 6/30/23
	Impact Initiatives	Communications and Internet Multimedia	Print Publications	Climate Geoengineering Governance Project	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 629,396	\$ 579,779	\$ 228,782	\$ 218,839	\$ 1,656,796	\$ 401,364	\$ 289,167	\$ 690,531	\$ 2,347,327	\$ 2,145,427
Payroll taxes and employee benefits	155,840	143,552	56,646	54,185	410,223	99,375	71,599	170,974	581,197	554,195
Professional fees	301,425	190,568	30,269	639,000	1,161,262	199,795	109,291	309,086	1,470,348	1,650,313
Office expenses	103,804	59,018	76,594	19,231	258,647	37,436	22,418	59,854	318,501	399,838
Marketing and promotion	-	64,847	-	-	64,847	-	-	-	64,847	34,670
Insurance	23,421	9,514	20,492	8,782	62,209	10,978	-	10,978	73,187	68,500
Repairs and maintenance	36,364	23,119	23,528	13,194	96,205	19,785	7,446	27,231	123,436	69,204
Program events and other meetings	14,922	12,362	6,897	16,767	50,948	8,190	5,900	14,090	65,038	39,094
Travel	106,139	89,350	47,512	70,304	313,305	59,615	42,950	102,565	415,870	313,127
Interest expense	-	-	-	-	-	3,023	-	3,023	3,023	-
Stipends	221,521	-	27,625	34,000	283,146	11,366	-	11,366	294,512	242,607
Total expenses before depreciation expenses	1,592,832	1,172,109	518,345	1,074,302	4,357,588	850,927	548,771	1,399,698	5,757,286	5,516,975
Depreciation expense	57,692	53,144	20,971	20,059	151,866	36,789	26,506	63,295	215,161	128,808
Total expenses	\$ 1,650,524	\$ 1,225,253	\$ 539,316	\$ 1,094,361	\$ 4,509,454	\$ 887,716	\$ 575,277	\$ 1,462,993	\$ 5,972,447	\$ 5,645,783

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 June 30, 2024
(with comparative totals for the year ended June 30, 2023)

	June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,658,516)	\$ (1,618,591)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation expense	215,161	128,808
Realized gain on investments	(1,075,213)	(520,150)
Unrealized gain on investments	(1,155,993)	(1,020,071)
Changes in assets and liabilities:		
Pledges receivable	950,000	1,975,000
Prepaid expenses	(5,842)	23,808
Accounts payable and accrued expenses	(144,716)	(124,305)
Grant advances	(38,677)	34,525
Total adjustments	(1,255,280)	497,615
Net cash used for operating activities	(2,913,796)	(1,120,976)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,325,252)	(631,513)
Proceeds from sales of investments	9,116,977	3,129,788
Purchases of property and equipment	(1,715,461)	(2,058,376)
Net cash provided by investing activities	2,076,264	439,899
Net decrease in cash, cash equivalents and restricted cash	(837,532)	(681,077)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	1,602,326	2,283,403
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	\$ 764,794	\$ 1,602,326
Cash, cash equivalents and restricted cash:		
Cash, and cash equivalents	\$ 709,415	\$ 1,521,568
Cash, and cash equivalents - board designated fund	55,379	80,758
Total cash, cash equivalents and restricted cash	\$ 764,794	\$ 1,602,326
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for taxes and interest	\$ 3,023	\$ -

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

Notes to Combined Financial Statements

June 30, 2024

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 Programs: Public 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

June 30, 2024

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. Recently Adopted Accounting Pronouncement

All receivables are assessed for collectability. On July 1, 2023, the Council and Affiliate adopted Financial Accounting Standard Board ("FASB") Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses* ("Topic 326"). Financial assets, which potentially subject the Council and Affiliate to credit losses, consist of publishing fees. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions. Based on the analysis performed on the open accounts receivable aging and detail analysis of the customers, the Council and Affiliate did not record an allowance for bad debt as of June 30, 2024. The impact of the adoption was not considered material to the consolidated financial statements and primarily results in new/enhanced disclosures only.

c. 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.

d. Revenue Recognition

The Council and Affiliate follows the requirements of the FASB's 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.

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

Notes to Combined Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

d. Revenue Recognition - Continued

The Council receives publishing fees in exchange for use of the name of the organization and content. Publishing fees are recognized as performance obligations are met over the course of the fiscal year.

The Council and Affiliate follows FASB ASC 958-605 for recording contributions, which are recognized at the time the contribution becomes unconditional in nature. 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 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 years ended June 30, 2024 and 2023.

Unconditional promises to give are recorded at net realizable value if expected to be received in less than one year, or at fair value using a risk-adjusted discount rate if expected to be received in greater than one year. At June 30, 2024 and 2023, all receivables are expected to be received within one year.

Outstanding receivables from contributions are reviewed on an annual basis and an allowance for doubtful accounts is maintained based on historical trends and past collection data to assess the likelihood of future payments. As of June 30, 2024 and 2023, no allowance was deemed necessary.

e. Cash and Cash Equivalents

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 is included as cash and cash equivalents on the combined statement of cash flows.

f. 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 year end there were material uninsured balances, management feels it has little risk and has not experienced any losses due to bank failure.

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

Notes to Combined Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

g. 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.

h. Fair Market 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.

i. 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.

j. 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. No new items were received in the years ended June 30, 2024 and 2023.

k. 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.

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

Notes to Combined Financial Statements

June 30, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

l. 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.

m. 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
- Insurance
- Repairs and maintenance
- Depreciation expense

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

n. Advertising Costs

Advertising costs are expensed as incurred.

o. 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 years ended June 30, 2020 and later are subject to examination by applicable taxing authorities.

p. Comparative Financial Information

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Council and Affiliate's combined financial statements for the year ended June 30, 2023, from which the summarized information was derived.

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

Notes to Combined Financial Statements

June 30, 2024

Note 3 - Property and Equipment

Property and equipment consist of the following:

	June 30,	
	2024	2023
Land	\$ 19,500	\$ 19,500
Buildings (25 years)	4,234,281	4,234,281
Building improvements (25 years)	5,758,354	4,292,015
Furniture and fixtures (8 years)	386,141	228,913
Equipment (5 years)	570,294	478,401
	10,968,570	9,253,110
Less: accumulated depreciation	(6,264,395)	(6,049,235)
Total property and equipment, net	\$ 4,704,175	\$ 3,203,875

Note 4 - Investments and Fair Value Measurements

The following summarizes the composition of investments:

Investments at fair value - board designated fund:

	June 30,	
	2024	2023
Level 1 Securities:		
U.S. Mutual Funds	\$ 13,559,148	\$ 3,416,861
U.S. Equities - Stock	9,634,008	10,133,775
Foreign Equities	6,191,279	6,421,105
Total Level 1 Securities	29,384,435	19,971,741
Level 2 Securities:		
U.S Treasury Securities	-	10,586,010
Total Investments at fair value	\$ 29,384,435	\$ 30,557,751

Investments in limited partnerships and private equity - board designated:

Investments measured at net asset value:

Limited partnerships and private equity	\$ 928,005	\$ 1,315,208
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Carnegie Council for Ethics in International Affairs, Inc. and Affiliate

Notes to Combined Financial Statements

June 30, 2024

Note 4 - Investments and Fair Value Measurements - Continued

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned.

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. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The following summarizes investment return:

	June 30,	
	2024	2023
Unrealized gain	1,155,993	\$ 520,150
Realized gain	1,075,213	1,020,071
Investment fees	(56,655)	(47,702)
Total	<u>\$ 2,174,551</u>	<u>\$ 1,492,519</u>

Note 5 - Endowment/Board Designated Net Assets

The Council has adopted investment and spending policies for 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. Endowment assets include those assets that are board designated, as approved by the Board of Trustees of the Council. The 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.

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

Notes to Combined Financial Statements

June 30, 2024

Note 5 - Endowment/Board Designated Net Assets - Continued

Endowment funds consist of the following:

	June 30,	
	2024	2023
Cash and cash equivalents - board designated fund	\$ 55,379	\$ 80,758
Investments - board designated fund	30,312,440	31,872,959
Total	\$ 30,367,819	\$ 31,953,717

The following tables provide a reconciliation of the change in the Council and Affiliate's endowment fund:

	June 30, 2024		
	Board Designated Reserve	Board Designated Capital Improvements	Total
Endowment fund, beginning of year	\$ 31,862,436	\$ 91,281	\$ 31,953,717
Dividend and interest income	767,378	2,198	769,576
Investment fees	(56,493)	(162)	(56,655)
Realized gain	297,752	853	298,605
Unrealized gain	1,927,080	5,521	1,932,601
Appropriation for expenditure	(4,430,334)	(99,691)	(4,530,025)
Endowment fund, end of year	\$ 30,367,819	\$ -	\$ 30,367,819

	June 30, 2023		
	Board Designated Reserve	Board Designated Capital Improvements	Total
Endowment fund, beginning of year	\$ 31,990,082	\$ 1,119,461	\$ 33,109,543
Dividend and interest income	610,297	21,357	631,654
Investment fees	(46,089)	(1,613)	(47,702)
Realized loss	502,563	17,587	520,150
Unrealized loss	985,582	34,489	1,020,071
Appropriation for expenditure	(2,179,999)	(1,100,000)	(3,279,999)
Endowment fund, end of year	\$ 31,862,436	\$ 91,281	\$ 31,953,717

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.

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

Notes to Combined Financial Statements

June 30, 2024

Note 5 - Endowment/Board Designated Net Assets - Continued

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.

Note 6 - Net Assets with Donor Restrictions

The following summarizes the nature of net assets with donor restrictions:

	June 30, 2024			
	Balance 7/1/23	Contributions	Released from Restrictions	Balance 6/30/24
Program/purpose:				
Global Engagement Project	\$ 194,149	\$ 300,000	\$ (344,149)	\$ 150,000
Climate Geoengineering				
Governance Project	106,292	62,676	(168,968)	-
Ethics on Artificial Intelligence	500,000	-	(500,000)	-
Total program/purpose restrictions	800,441	362,676	(1,013,117)	150,000
Time restrictions	250,000	-	(250,000)	-
Total	\$ 1,050,441	\$ 362,676	\$ (1,263,117)	\$ 150,000
	June 30, 2023			
	Balance 7/1/22	Contributions	Released from Restrictions	Balance 6/30/23
Program/purpose:				
Global Engagement Project	\$ 246,762	\$ -	\$ (52,613)	\$ 194,149
Climate Geoengineering				
Governance Project	1,377,749	815,475	(2,086,932)	106,292
Ethics on Artificial Intelligence	-	500,000	-	500,000
Total program/purpose restrictions	1,624,511	1,315,475	(2,139,545)	800,441
Time restrictions	1,500,000	-	(1,250,000)	250,000
Total	\$ 3,124,511	\$ 1,315,475	\$ (3,389,545)	\$ 1,050,441

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

Notes to Combined Financial Statements

June 30, 2024

Note 7 - 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	\$ 709,415	
Less amounts not available for general expenditures:		
Amounts included as financial assets that are restricted for future periods		<u>(150,000)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$ 559,415</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 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 years ended June 30, 2024 and 2023 was \$185,141 and \$179,085, respectively, and has been included in payroll taxes and employee benefits expense on the combined statement of functional expenses.

Note 9 - Subsequent Events

Subsequent events have been evaluated through November 25, 2024, 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.