

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

Combined Audited Financial Statements

December 31, 2024

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

## **Combined Audited Financial Statements**

December 31, 2024

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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 December 31, 2024, and the related combined statements of activities, functional expenses, and cash flows for the six-month period 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, 2024, and the changes in its net assets and its cash flows for the six-month period 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 CPAs LLP*

New York, NY  
June 30, 2025

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

## **Combined Statement of Financial Position**

**As of December 31, 2024**

### **ASSETS**

Cash and cash equivalents	\$ 571,112
Pledges receivable	180,000
Prepaid expenses	18,557
Property and equipment, net	4,705,578
Cash and cash equivalents - board designated fund	53,868
Investments - board designated fund	29,234,141
Cash and cash equivalents - donor restricted endowment	20,072,019
Works of art	96,350

<b>TOTAL ASSETS</b>	<b><u>\$ 54,931,625</u></b>
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### **LIABILITIES AND NET ASSETS**

#### **LIABILITIES**

Accounts payable and accrued expenses	\$ 87,981
Grant advances	14,295
Total liabilities	<u>102,276</u>

#### **NET ASSETS**

Without donor restrictions	
Operations	5,269,321
Board designated	29,288,009
Total without donor restrictions	<u>34,557,330</u>
With donor restrictions	20,272,019
Total net assets	<u>54,829,349</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 54,931,625</u></b>
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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 Six-Month Period Ended December 31, 2024

		With Donor Restrictions			
	Without Donor Restrictions	Donor Restricted Support	Donor Restricted Endowment	Total With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>					
Contributions	\$ 62,363	\$ 200,000	\$ -	\$ 200,000	\$ 262,363
Grants	16,611	-	20,000,000	20,000,000	20,016,611
Dividend and interest income	447,745	-	72,019	72,019	519,764
Publishing fees	96	-	-	-	96
Net assets released from restriction	150,000	(150,000)	-	(150,000)	-
Total revenue and other support	<b>676,815</b>	<b>50,000</b>	<b>20,072,019</b>	<b>20,122,019</b>	<b>20,798,834</b>
<b>EXPENSES</b>					
Program services	1,570,341	-	-	-	1,570,341
Supporting services:					
Management and general	419,297	-	-	-	419,297
Fundraising	275,428	-	-	-	275,428
Total supporting services	<b>694,725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>694,725</b>
Total expenses	<b>2,265,066</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,265,066</b>
Change in net assets from operating activities	(1,588,251)	50,000	20,072,019	20,122,019	18,533,768
<b>NON OPERATING ACTIVITIES</b>					
Net investment return	572,446	-	-	-	572,446
<b>Change in net assets</b>	<b>(1,015,805)</b>	<b>50,000</b>	<b>20,072,019</b>	<b>20,122,019</b>	<b>19,106,214</b>
<b>NET ASSETS, beginning of period</b>	<b>35,573,135</b>	<b>150,000</b>	<b>-</b>	<b>150,000</b>	<b>35,723,135</b>
<b>NET ASSETS, end of period</b>	<b>\$ 34,557,330</b>	<b>\$ 200,000</b>	<b>\$ 20,072,019</b>	<b>\$ 20,272,019</b>	<b>\$ 54,829,349</b>

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 Six-Month Period Ended December 31, 2024

	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	\$ 398,739	\$ -	\$ 303,519	\$ 121,531	\$ 24,029	\$ 847,818	\$ 141,265	\$ 130,261	\$ 271,526	\$ 1,119,344
Payroll taxes and employee benefits	100,988	-	76,872	30,781	6,086	214,727	35,779	32,991	68,770	283,497
Professional fees	41,114	-	77,539	31,391	163	150,207	178,605	80,264	258,869	409,076
Office expenses	15,012	-	38,850	4,576	904	59,342	23,953	5,301	29,254	88,596
Marketing and promotion	-	-	30,799	-	-	30,799	-	-	-	30,799
Insurance	14,269	-	5,797	12,485	5,351	37,902	6,687	-	6,687	44,589
Repairs and maintenance	16,159	3,359	12,131	10,328	3,593	45,570	7,795	3,868	11,663	57,233
Program events and other meetings	6,056	-	4,610	1,845	364	12,875	2,148	1,978	4,126	17,001
Travel	17,667	-	13,448	5,385	1,065	37,565	6,260	5,772	12,032	49,597
Interest expense	-	-	-	-	-	-	295	-	295	295
Stipends	20,610	-	2,614	12,725	-	35,949	250	-	250	36,199
Total expenses before depreciation expense	630,614	3,359	566,179	231,047	41,555	1,472,754	403,037	260,435	663,472	2,136,226
Depreciation expense	45,896	-	34,936	13,989	2,766	97,587	16,260	14,993	31,253	128,840
<b>Total expenses</b>	<b>\$ 676,510</b>	<b>\$ 3,359</b>	<b>\$ 601,115</b>	<b>\$ 245,036</b>	<b>\$ 44,321</b>	<b>\$ 1,570,341</b>	<b>\$ 419,297</b>	<b>\$ 275,428</b>	<b>\$ 694,725</b>	<b>\$ 2,265,066</b>

*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 Six-Month Period Ended December 31, 2024

### CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 19,106,214
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	128,840
Realized gain on investments	(683,849)
Unrealized loss on investments	76,308
Changes in assets and liabilities:	
Pledges receivable	(180,000)
Accounts payable and accrued expenses	22,470
Grant advances	(88,875)
Total adjustments	<u>(725,106)</u>
<b>Net cash provided by operating activities</b>	<b><u>18,381,108</u></b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(13,236,909)
Proceeds from sales of investments	14,922,749
Purchases of property and equipment	(134,743)
<b>Net cash provided by investing activities</b>	<b><u>1,551,097</u></b>

**Net increase in cash, cash equivalents  
and restricted cash**

**19,932,205**

**CASH, CASH EQUIVALENTS AND RESTRICTED CASH,  
*beginning of period***

764,794

**CASH, CASH EQUIVALENTS AND RESTRICTED CASH,  
*end of period***

**\$ 20,696,999**

### **Cash, cash equivalents and restricted cash:**

Cash and cash equivalents	\$ 571,112
Cash and cash equivalents - board designated fund	53,868
Cash and cash equivalents - donor restricted endowment	20,072,019
<b>Total cash, cash equivalents and restricted cash</b>	<b><u><u>\$ 20,696,999</u></u></b>

### SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the period for taxes	<u>\$ -</u>
Cash paid during the period for interest	<u><u>\$ 295</u></u>

*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**

December 31, 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 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, 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. 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 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.

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 six-month period ended December 31, 2024.

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. Grants and contributions make up 95% of revenue for the six-month period ended December 31, 2024.

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 six-month period ended December 31, 2024.

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

## **Notes to Combined Financial Statements**

December 31, 2024

### **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 for the six-month period ended December 31, 2024.

#### *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, 2024

### **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. Portraits in the amount of \$4,500 were received during the six-month period ended December 31, 2024.

#### *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, 2024

### 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, 2021 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, 2025	\$	20,000
December 31, 2026		20,000
December 31, 2027		20,000
December 31, 2028		20,000
Thereafter		100,000
Total	\$	<u>180,000</u>

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, 2024:

Land	\$	19,501
Buildings (25 years)		4,234,281
Building improvements (25 years)		5,865,454
Furniture and fixtures (8 years)		386,692
Equipment (5 years)		592,885
		<u>11,098,813</u>
Less: accumulated depreciation		(6,393,235)
Total property and equipment, net	\$	<u>4,705,578</u>

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

## **Notes to Combined Financial Statements**

December 31, 2024

### **Note 5 - Investments and Fair Value Measurements**

The following summarizes the composition of investments as of December 31, 2024:

Level 1 Securities:	
U.S. Mutual Funds	\$ 13,240,519
U.S. Equities - Stock	9,368,878
Foreign Equities	<u>5,755,584</u>
Total Level 1 Securities	<u>28,364,981</u>
 Total Investments at fair value	 <u>\$ 28,364,981</u>

Investments in limited partnerships and private equity - board designated:

Investments measured at net asset value:

Limited partnerships and private equity	<u>\$ 869,160</u>
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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, 2024

### Note 5 - Investments and Fair Value Measurements - Continued

The following summarizes investment return as of December 31, 2024:

Unrealized gain	\$ 683,849
Realized loss	(76,308)
Investment fees	(35,095)
Total	<u>\$ 572,446</u>

### Note 6 - Endowment

Endowment funds consist of the following as of December 31, 2024:

Cash and cash equivalents - board designated fund	\$ 53,868
Cash and cash equivalents - donor restricted endowment	20,072,019
Investments - board designated fund	29,234,141
Total	<u>\$ 49,360,028</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.

During the six-month period ended December 31, 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.

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.

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

## **Notes to Combined Financial Statements**

**December 31, 2024**

### **Note 6 - Endowment - Continued**

#### *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, 2024.

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

## Notes to Combined Financial Statements

December 31, 2024

### Note 6 - Endowment - Continued

The following table provides a reconciliation of the change in the Council and Affiliate's endowment fund as of December 31, 2024:

	Board Designated Reserve	Donor Restricted Endowment	Total
Endowment fund, beginning of period	\$ 30,367,819	\$ -	\$ 30,367,819
Contributions	-	20,000,000	20,000,000
Dividend and interest income	447,745	72,019	519,764
Investment fees	(35,095)	-	(35,095)
Realized gain	683,849	-	683,849
Unrealized gain	(76,309)	-	(76,309)
Appropriation for expenditure	(2,100,000)	-	(2,100,000)
Endowment fund, end of period	<u>\$ 29,288,009</u>	<u>\$ 20,072,019</u>	<u>\$ 49,360,028</u>

### Note 7 - Net Assets with Donor Restrictions - Program

The following summarizes the nature of net assets restricted for specific programs:

	December 31, 2024		
	Balance 7/1/24	Contributions	Released from Restrictions
Program/purpose:			Balance 12/31/2024
Global Engagement Project	\$ 150,000	\$ -	\$ (150,000)
Carnegie Ethics Fellows	-	200,000	-
Total	<u>\$ 150,000</u>	<u>\$ 200,000</u>	<u>\$ (150,000)</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 six-month period ended December 31, 2024 is \$78,938 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, 2024

### **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	\$ 571,112	
Pledges receivable	<u>180,000</u>	
Total		\$ 751,112
Less amounts not available for general expenditures:		
Amounts included as financial assets that are restricted for future periods		<u>(200,000)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$ 551,112</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, 2025, 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.