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

Combined Audited Financial Statements

June 30, 2023

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CONTENTS

Independent Auditor's Report

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, 2023, 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, 2023, 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

The combined financial statements of the Council and Affiliate as of and for the year ended June 30, 2022, were audited by other auditors whose report dated December 12, 2022 expressed an unmodified opinion on those combined statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects with the combined audited financial statements from which it was derived.

Sax CPAs LLP
New York, NY
January 11, 2024

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

Combined Statement of Financial Position

At June 30, 2023
(with comparative totals at June 30, 2022)

	June 30, 2023	June 30, 2022
ASSETS		
Cash and cash equivalents	$ 1,521,568	$ 2,004,873
Pledges receivable	950,000	2,925,000
Prepaid expenses	12,715	36,523
Fixed assets, net	3,203,875	1,274,307
Cash and cash equivalents - board designated fund	80,758	278,530
Investments at fair value - board designated fund	30,557,751	30,924,315
Investments in limited partnerships and private equity - board designated fund	1,315,208	1,906,698
Works of art	91,850	91,850
TOTAL ASSETS	**$ 37,733,725**	**$ 39,442,096**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 210,227	$ 334,532
Grant advances	141,847	107,322
Total liabilities	352,074	441,854
NET ASSETS		
Without donor restrictions:		
Operations	4,377,493	2,766,188
Board designated	31,953,717	33,109,543
Total without donor restrictions	36,331,210	35,875,731
With donor restrictions	1,050,441	3,124,511
Total net assets	37,381,651	39,000,242
TOTAL LIABILITIES AND NET ASSETS	**$ 37,733,725**	**$ 39,442,096**

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, 2023
(with comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/23	Total 6/30/22
REVENUE AND OTHER SUPPORT				
Contributions for programs	$ 530,991	$ 1,315,475	$ 1,846,466	$ 5,217,864
Dividend and interest income	631,654	-	631,654	664,742
Publishing fees	56,553	-	56,553	93,698
Other income	-	-	-	6,248
Net assets released from restriction	3,389,545	(3,389,545)	-	-
Total revenue and other support	**4,608,743**	**(2,074,070)**	**2,534,673**	**5,982,552**
EXPENSES				
Program services	4,493,125	-	4,493,125	3,910,736
Supporting services:				
Management and general	846,498	-	846,498	580,451
Fundraising	306,160	-	306,160	266,617
Total supporting services	1,152,658	-	1,152,658	847,068
Total expenses	**5,645,783**	**-**	**5,645,783**	**4,757,804**
Change in net assets from operating activities	(1,037,040)	(2,074,070)	(3,111,110)	1,224,748
NON OPERATING ACTIVITES				
Net investment return	1,492,519	-	1,492,519	(4,526,378)
Change in net assets	**455,479**	**(2,074,070)**	**(1,618,591)**	**(3,301,630)**
NET ASSETS, *beginning of year*	35,875,731	3,124,511	39,000,242	42,301,872
NET ASSETS, *end of year*	**$ 36,331,210**	**$ 1,050,441**	**$ 37,381,651**	**$ 39,000,242**

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, 2023
(with comparative totals for the year ended June 30, 2022)

	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 6/30/23	Total 6/30/22*
Salaries	$ 238,793	$ 175,422	$ 685,870	$ 159,465	$ 221,098	$ 1,480,648	$ 483,069	$ 181,710	$ 664,779	$ 2,145,427	$ 1,774,424
Payroll taxes and employee benefits	61,684	45,314	177,171	41,192	57,114	382,475	124,781	46,939	171,720	554,195	474,609
Professional fees	13,842	1,433	275,583	2,000	1,194,814	1,487,672	120,236	42,405	162,641	1,650,313	1,610,185
Office expenses	62,925	51,430	88,420	93,398	31,255	327,428	53,868	18,542	72,410	399,838	251,326
Marketing and promotion	-	-	34,670	-	-	34,670	-	-	-	34,670	84,168
Insurance	12,330	9,590	8,905	19,180	8,220	58,225	10,275	-	10,275	68,500	53,740
Repairs and maintenance	9,818	7,451	16,284	11,475	7,653	52,681	13,269	3,254	16,523	69,204	57,169
Program events and other meetings	2,294	1,934	2,171	3,992	27,453	37,844	909	341	1,250	39,094	107,595
Travel	25,411	21,731	18,632	47,216	192,602	305,592	5,476	2,059	7,535	313,127	92,418
Stipends	122,750	5,000	26,650	24,594	58,000	236,994	5,613	-	5,613	242,607	188,058
Total expenses before depreciation expenses	549,847	319,305	1,334,356	402,512	1,798,209	4,404,229	817,496	295,250	1,112,746	5,516,975	4,693,692
Depreciation expense	14,337	10,532	41,179	9,574	13,274	88,896	29,002	10,910	39,912	128,808	64,112
Total expenses	**$ 564,184**	**$ 329,837**	**$ 1,375,535**	**$ 412,086**	**$ 1,811,483**	**$ 4,493,125**	**$ 846,498**	**$ 306,160**	**$ 1,152,658**	**$ 5,645,783**	**$ 4,757,804**

* Reclassified for Comparative Purposes

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, 2023
(with comparative totals for the year ended June 30, 2022)

	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITES		
Change in net assets	$ (1,618,591)	$ (3,301,630)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation expense	128,808	64,112
Realized (gain)/loss on investments	(520,150)	2,707
Unrealized (gain)/loss on investments	(1,020,071)	4,478,203
Changes in assets and liabilities:		
Pledges receivable	1,975,000	(1,436,686)
Program fees and other receivable	-	34,710
Prepaid expenses	23,808	23,393
Accounts payable and accrued expenses	(124,305)	275,440
Grant advances	34,525	(665,949)
Total adjustments	497,615	2,775,930
Net cash used for operating activities	**(1,120,976)**	**(525,700)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(631,513)	(4,658,846)
Proceeds from sales of investments	3,129,788	6,067,493
Purchases of fixed assets	(2,058,376)	(800,658)
Net cash provided by investing activities	**439,899**	**607,989**
Net (decrease)/increase in cash, cash equivalents and restricted cash	**(681,077)**	**82,289**
Cash, cash equivalents and restricted cash, *beginning of year*	2,283,403	2,201,114
Cash, cash equivalents and restricted cash, *end of year*	**$ 1,602,326**	**$ 2,283,403**
Cash, cash equivalents and restricted cash:		
Cash, and cash equivalents	$ 1,521,568	$ 2,004,873
Cash, and cash equivalents - board designated fund	80,758	278,530
Total cash, cash equivalents and restricted cash	**$ 1,602,326**	**$ 2,283,403**
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for taxes and interest	**$ -**	**$ -**

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, 2023

Note 1 - Organization and Nature of Activities

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 Council is an independent, nonpartisan, nonprofit organization dedicated to increasing understanding of the relationship between ethics and international affairs.

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.

Together, the Council and Affiliate fulfill 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 UNFCCC.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The combed 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

Effective July 1, 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The ASU requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position and disclose key information about leasing arrangements. The Council has adopted a policy where it does not report right-of-use assets nor lease liabilities for short-term leases (leases with a term of 12 months or less). The adoption of this accounting pronouncement had no material impact on the combined financial statements.

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 transition price. Revenue is recognized when the performance obligation is complete.

For program fees, the performance obligation is met at the time the event or program has taken place.

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.

Note 2 - Summary of Significant Accounting Policies - Continued

d. Revenue Recognition - Continued

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 received conditional pledges during the year ending June 30, 2022 totaling $957,322, which had not yet been recognized as of year-end. There were no new conditional pledges during the year ended June 30, 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, 2023 and 2022, all receivables are expected to be received within one year.

Outstanding receivables from fees, contributions, and grants 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, 2023 and 2022, 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.

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. Fixed Assets

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 assets 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 consists of paintings, antique furniture and rugs that were received in past years and have a recorded value of $91,850 at June 30, 2023 and 2022.

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.

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 both 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, 2022, from which the summarized information was derived.

Note 2 - Summary of Significant Accounting Policies - Continued

q. New Accounting Pronouncement

FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which becomes effective for the fiscal year ending June 30, 2024. This ASU requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts.

The Council and Affiliate is in the process of evaluating the impact this standard will have on future combined financial statements.

Note 3 - Fixed Assets

Fixed assets consist of the following:

	6/30/23	6/30/22
Land	$ 19,500	$ 19,500
Buildings (25 years)	4,234,281	4,234,281
Building improvements (25 years)	4,292,015	2,259,696
Furniture and fixtures (8 years)	228,913	224,117
Equipment (5 years)	478,401	457,140
	9,253,110	7,194,734
Less: accumulated depreciation	(6,049,235)	(5,920,427)
Total fixed assets, net	$ 3,203,875	$ 1,274,307

Note 4 - Investments and Fair Value Measurements

The following summarizes the composition of investments:

Investments at fair value - board designated fund:		
Level 1 Securities:		
U.S. Mutual Funds	$ 3,416,861	$ 3,480,247
U.S. Equities - Stock	10,133,775	10,244,625
Foreign Equities	6,421,105	6,232,817
Total Level 1 Securities	19,971,741	19,957,689
Level 2 Securities:		
U.S Treasury Securities	10,586,010	10,966,626
Total Investments at fair value	$ 30,557,751	$ 30,924,315
Investments in limited partnerships and private equity - board designated:		
Investments measured at net asset value:		
Limited partnerships and private equity	$ 1,315,208	$ 1,906,698

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 these 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.

Those 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:

	6/30/23	6/30/22
Unrealized gain/(loss)	$ 520,150	$ (2,707)
Realized gain/(loss)	1,020,071	(4,478,203)
Investment fees	(47,702)	(45,468)
Total	$ 1,492,519	$ (4,526,378)

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.

Note 5 - Endowment/Board Designated Net Assets - Continued

Endowment funds consist of the following:

	6/30/23	6/30/22
Cash and cash equivalents - board designated fund	$ 80,758	$ 278,530
Investments at fair value - board designated fund	30,557,751	30,924,315
Investments in limited partnerships and private equity - board designated fund	1,315,208	1,906,698
Total	$ 31,953,717	$ 33,109,543

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

	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 gain	502,563	17,587	520,150
Unrealized gain	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

	June 30, 2022		
	Board Designated Reserve	Board Designated Capital Improvements	Total
Endowment fund, beginning of year	$ 37,593,323	$ 1,243,063	$ 38,836,386
Dividend and interest income	643,465	21,277	664,742
Investment fees	(44,013)	(1,455)	(45,468)
Realized loss	(2,620)	(87)	(2,707)
Unrealized loss	(4,334,866)	(143,337)	(4,478,203)
Appropriation for expenditure	(1,865,207)	-	(1,865,207)
Endowment fund, end of year	$ 31,990,082	$ 1,119,461	$ 33,109,543

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.

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, 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

	June 30, 2022			
	Balance 7/1/21	Contributions	Released from Restrictions	Balance 6/30/22
Program/purpose:				
Education	$ -	$ 300,000	$ (53,238)	$ 246,762
Climate Geoengineering Governance Project	-	2,918,016	(1,540,267)	1,377,749
Total program/purpose restrictions	-	3,218,016	(1,593,505)	1,624,511
Time restrictions	763,314	1,000,000	(263,314)	1,500,000
Total	$ 763,314	$ 4,218,016	$ (1,856,819)	$ 3,124,511

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	$ 1,521,568	
Pledges receivable - due within one year	950,000	
Total		$ 2,471,568
Less amounts not available for general expenditures:		
Amounts included as financial assets that are restricted for future periods		(800,441)
Financial assets available to meet cash needs for general expenditures within one year		$ 1,671,127

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, 2023 and 2022 was $179,085 and $151,522, 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 January 11, 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.