Conservation International Foundation and Affiliates

Consolidated Financial Report
June 30, 2022

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RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
Conservation International Foundation

Report on the Audit of the Financial Statements

Opinion
We have audited the consolidated financial statements of Conservation International Foundation and Affiliates (CI), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Conservation International Foundation and Affiliates as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 CI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CI's ability to continue as a going concern within one year after the date that the 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 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 an absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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, internal 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 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 CI'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CI'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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2023 on our consideration of CI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CI's internal control over financial reporting and compliance.

RSM US LLP

McLean, Virginia
January 6, 2023

Conservation International Foundation and Affiliates

Consolidated Balance Sheets
June 30, 2022 and 2021
(In Thousands)

	2022	2021
Assets		
Cash and cash equivalents	**$ 214,368**	$ 162,693
Investments	**273,551**	263,000
Grants and promises to give, net	**54,503**	39,186
Grant advances	**7,263**	6,329
Prepaid expenses and other assets	**5,743**	4,754
Project advances to partners	**2,874**	4,237
Notes receivable	**6,854**	4,178
Property and equipment, net	**4,131**	4,867
Total assets	**$ 569,287**	$ 489,244
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 9,349**	$ 7,304
Accrued salaries, vacation and employee benefits	**11,465**	10,486
Notes payable	**1,500**	1,359
Grants payable	**2,276**	1,130
Deferred revenue and refundable advance	**111,401**	88,374
Total liabilities	**135,991**	108,653
Commitments and contingencies (Notes 5, 16, and 18)		
Net assets:		
Without donor restrictions	**29,200**	28,073
With donor restrictions	**404,096**	352,518
Total net assets	**433,296**	380,591
Total liabilities and net assets	**$ 569,287**	$ 489,244

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021
(In Thousands)

	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Grants and Contributions:						
Foundations	**$ 3,791**	**$ 115,772**	**$ 119,563**	$ 4,340	$ 69,390	$ 73,730
Corporations	**1,556**	**62,090**	**63,646**	1,113	7,266	8,379
Public funding	**29**	**56,308**	**56,337**	39	45,733	45,772
Individuals	**6,467**	**15,727**	**22,194**	10,742	10,812	21,554
Other	**13**	**4,626**	**4,639**	7	1,176	1,183
Contributed nonfinancial assets	**1,267**	**13**	**1,280**	1,161	6	1,167
Cancellations and de-obligations	**-**	**(68)**	**(68)**	-	(230)	(230)
Contract revenue	**14,824**	**-**	**14,824**	11,424	-	11,424
Other revenue	**1,682**	**2,668**	**4,350**	560	3,712	4,272
Investment (loss) income, net	**(3,638)**	**(17,360)**	**(20,998)**	4,553	45,848	50,401
Net assets released from donor restrictions	**187,501**	**(187,501)**	**-**	135,380	(135,380)	-
Total support and revenue	**213,492**	**52,275**	**265,767**	169,319	48,333	217,652
Expenses:						
Program services:						
Field programs	**99,865**	**-**	**99,865**	70,188	-	70,188
Grantmaking divisions	**46,961**	**-**	**46,961**	36,792	-	36,792
Moore Center for Science	**8,834**	**-**	**8,834**	7,886	-	7,886
Center for Natural Climate Solutions	**7,913**	**-**	**7,913**	3,674	-	3,674
Center for Sustainable Lands and Waters	**5,191**	**-**	**5,191**	4,112	-	4,112
Communications	**4,338**	**-**	**4,338**	5,090	-	5,090
Other programs	**10,397**	**-**	**10,397**	8,384	-	8,384
Total program services	**183,499**	**-**	**183,499**	136,126	-	136,126
Supporting services:						
Management and operations	**11,862**	**-**	**11,862**	10,633	-	10,633
Fundraising	**17,004**	**-**	**17,004**	12,626	-	12,626
Total supporting services	**28,866**	**-**	**28,866**	23,259	-	23,259
Total expenses	**212,365**	**-**	**212,365**	159,385	-	159,385
Changes in net assets before other income and losses	**1,127**	**52,275**	**53,402**	9,934	48,333	58,267
Other income and losses:						
(Loss) gain on translation of affiliate and field office net assets	**-**	**(697)**	**(697)**	-	198	198
Changes in net assets	**1,127**	**51,578**	**52,705**	9,934	48,531	58,465
Net assets:						
Beginning	**28,073**	**352,518**	**380,591**	18,139	303,987	322,126
Ending	**$ 29,200**	**$ 404,096**	**$ 433,296**	$ 28,073	$ 352,518	$ 380,591

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022
(In Thousands)

	Field Programs	Grantmaking Divisions	Moore Center for Science	Center for Natural Climate Solutions	Center for Sustainable Lands and Waters	Communications	Other Programs	Management and Operations	Fundraising	Total
Salaries and benefits	$ 44,517	$ 9,081	$ 6,044	$ 3,127	$ 3,314	$ 2,941	$ 6,329	$ 9,463	$ 10,792	$ 95,608
External grants	20,847	33,944	434	3,701	942	-	1,508	-	-	61,376
Professional services	17,275	2,491	1,338	549	407	936	1,317	1,308	2,736	28,357
Travel, meetings and events	7,994	343	175	135	169	37	578	333	1,504	11,268
Occupancy	3,173	559	443	163	168	293	453	140	504	5,896
Equipment and supplies	4,424	162	140	66	47	41	130	217	183	5,410
Depreciation	225	94	80	42	30	34	82	99	77	763
Other expenses	1,410	287	180	130	114	56	-	302	1,208	3,687
	$ 99,865	$ 46,961	$ 8,834	$ 7,913	$ 5,191	$ 4,338	$ 10,397	$ 11,862	$ 17,004	$ 212,365

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021
(In Thousands)

	Field Programs	Grantmaking Divisions	Moore Center for Science	Communications	Center for Sustainable Lands and Waters	Center for Natural Climate Solutions	Other Programs	Management and Operations	Fundraising	Total
Salaries and benefits	$ 35,860	$ 7,783	$ 5,604	$ 3,385	$ 2,977	$ 2,407	$ 5,996	$ 8,623	$ 9,228	$ 81,863
External grants	14,277	25,851	520	-	396	610	430	-	-	42,084
Professional services	10,163	2,177	794	1,136	319	345	1,162	1,220	1,771	19,087
Occupancy	3,069	638	510	348	185	195	465	11	543	5,964
Equipment and supplies	3,599	86	137	77	50	44	65	182	110	4,350
Travel, meetings and events	2,617	3	19	28	17	13	173	176	320	3,366
Depreciation	283	114	145	54	41	40	91	132	84	984
Other expenses	320	140	157	62	127	20	2	289	570	1,687
	$ 70,188	$ 36,792	$ 7,886	$ 5,090	$ 4,112	$ 3,674	$ 8,384	$ 10,633	$ 12,626	$ 159,385

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021
(In Thousands)

	2022	2021
Cash flows from operating activities:		
Changes in net assets	$ 52,705	$ 58,465
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	763	984
Net realized and unrealized loss (gain) on investments	23,725	(46,612)
Net realized and unrealized gain on other assets	(124)	(17)
Increase (decrease) in allowance for doubtful grants and promises to give	199	(204)
Decrease in discount to present value for grants and promises to give	695	-
Cancellations and de-obligations	68	230
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants and promises to give	(16,279)	458
Project advances to partners	1,363	630
Grant advances	(934)	(606)
Prepaid expenses and other assets	(989)	(892)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,045	260
Accrued salaries, vacation and employee benefits	979	736
Grants payable	1,146	(210)
Deferred revenue and refundable advance	23,027	17,465
Net cash provided by operating activities	88,389	30,687
Cash flows from investing activities:		
Proceeds from sales of investments	99,796	130,643
Purchases of investments	(133,948)	(100,196)
Purchases of property and equipment	(27)	(23)
Collections on notes receivable	405	760
Disbursements on notes receivable	(3,081)	(2,178)
Net cash (used in) provided by investing activities	(36,855)	29,006
Cash flows from financing activities:		
Proceeds from notes payable	250	1,250
Principal payments on notes payable	(109)	(219)
Net cash provided by financing activities	141	1,031
Net increase in cash and cash equivalents	51,675	60,724
Cash and cash equivalents:		
Beginning	162,693	101,969
Ending	$ 214,368	$ 162,693
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1	$ 4

See notes to consolidated financial statements.

Note 1. Nature of Activities

Nature of activities: Conservation International Foundation and Affiliates (CI) is a nonprofit organization headquartered in Arlington, Virginia, with offices in over 30 countries. The Conservation International Foundation was established in 1987 under the laws of the state of California and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC).

CI works to protect nature for the benefit of people. We need nature for many things: a stable climate, clean air, fresh water, abundant food, cultural resources and much more. Yet unsustainable economic development can have negative impacts on nature. CI works at every level — from remote villages to the offices of presidents and prime ministers — to help move society toward a sustainable development path.

CI focuses its efforts on four areas:

Confronting climate change by protecting nature: CI works to reverse the destruction of tropical forests; protecting and restoring these ecosystems could provide at least one-third of all global action needed to avoid the worst climate scenarios.

Protecting our oceans at scale: CI works to protect the ocean on an unprecedented global scale while sustaining fisheries, which provide food security for billions of people. CI's goal is to help double the area of protected ocean area by 2025.

Creating holistic models of sustainability: CI creates self-sustaining, scalable conservation models within larger geographic landscapes and seascapes, ensuring that nature and people can thrive together.

Innovating science and finance to accelerate conservation: CI works to generate and apply policy-relevant research while working to unlock greater investment in nature.

Affiliates: The accompanying consolidated financial statements include the operations of CI-Aotearoa in New Zealand, CI-Brazil, CI-Europe in Belgium, CI-Guyana, CI-Hong Kong, CI-Japan, CI-Mexico, CI-Philippines, CI-Singapore, CI-Suriname, CI-UK, Conservation South Africa, and Yayasan Konservasi Cakrawala Indonesia. All the aforementioned organizations are separately incorporated in their respective countries. Due to the significant amount of oversight and support (financial and programmatic) provided by CI, their financial activities have been consolidated with CI's financial activities.

Additionally, Conservation International Foundation is the sole member of Conservation International Ventures LLC (CI Ventures). CI Ventures is an investment facility designed to accelerate investment in small and medium enterprises (SMEs) that have the potential to deliver measurable, scalable conservation impact alongside financial returns. In partnership with leading investors, project developers and conservation-oriented entrepreneurs, CI Ventures delivers targeted capacity-building, bridge financing and other resources to de-risk and scale up investible projects in sustainable land and seascapes. The overarching goal of CI Ventures is to increase the pipeline of high-quality, bankable projects that maximize environmental and social outcomes and unlock additional finance for conservation. Accordingly, all financial activities of CI Ventures have been consolidated with CI.

Conservation International Foundation is also the sole member of the African Conservancies Fund LLC. This Fund is a loan facility created to support conservancies in Africa, such as the Maasai Mara Landscape in Kenya. The COVID-19 pandemic — which dealt a blow to lucrative ecotourism in the region — highlighted the need to financially support those working to conserve these vital ecosystems. All financial activities of the African Conservancies Fund LLC have been consolidated with CI.

Note 2. Significant Accounting Policies

A summary of CI's significant accounting policies follows:

Principles of consolidation: All transactions between Conservation International Foundation and its affiliates have been eliminated in consolidation.

Adopted accounting pronouncement: On September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958)*: *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The amendments in this ASU is intended to increase the transparency of contributed nonfinancial assets, or gifts-in-kind, for not-for-profit entities through enhanced presentation and disclosure. This ASU requires that nonfinancial assets are presented as separate line items in the statements of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restrictions if any, and valuation techniques for the contributed nonfinancial assets received. The update was applied on a retrospective basis to the contributions recognized in the fiscal years ended June 30, 2022 and 2021. The adoption resulted in expanded disclosures around contributed nonfinancial assets (see Note 4).

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Not-for-Profit Entities topic of the Accounting Standards Codification (ASC). CI is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets without donor restrictions consist of contributions, contract revenue, investment income, and other inflows of assets whose use is not subject to donor imposed stipulations. The Board of Directors may designate a portion of these net assets for a specific purpose; however, these funds are classified as net assets without donor restrictions. Investment income generated by the endowment fund supports training and general CI operations, up to the limits set by the endowment spending policy.

Net assets with donor restrictions: Net assets with donor restrictions include contribution, grant revenue, investment income, and other inflows of assets whose use is subject to donor-imposed stipulations that either expire by the passage of time, will be met by actions of CI pursuant to those stipulations (e.g., usage of specific programs), or requires that the principal must be maintained permanently by CI. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported on the consolidated statements of activities as net assets released from donor restrictions. This includes conditional grants and promises to give that are recognized as earned in the year in which CI meets the conditions stipulated by the donor.

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

Foreign currency transactions: The consolidated financial statements and transactions of CI's foreign operations are generally maintained in the relevant local currency. Monthly expenses that are incurred by field offices and affiliates in foreign countries are paid at local currency and then translated into U.S. dollars at the rate of exchange in effect during the month of the transaction.

Note 2. Significant Accounting Policies (Continued)

Foreign currency translation: The functional currency of CI is the U.S. dollar. Gains and losses resulting from translations of foreign currencies into U.S. dollars are recognized as other income and losses in the consolidated statements of activities. Where local currencies are used, assets and liabilities are translated into U.S. dollars at the consolidated balance sheets date at the exchange rate in effect on that date.

Allocation of functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Due to the broad responsibilities and cross-functional nature of the executive leadership, their expenses are allocated based on estimates of time and effort. Certain costs of the Communications department are also allocated based on estimates of time and effort. Depreciation, information technology and other office operating costs are allocated based on the number of employees.

Foreign operations: The accompanying consolidated financial statements include the worldwide operations of CI (affiliate and branch offices). At June 30, 2022 and 2021, assets held in foreign countries totaled $32,219,000 and $18,204,000, respectively. The consolidated statements of activities include support and revenue of $18,169,000 and $14,487,000 from foreign country programs for the years ended June 30, 2022 and 2021, respectively.

Cash and cash equivalents: Cash and short-term investments with maturities at dates of purchase of three months or less are classified as cash and cash equivalents, except that any such cash or investments purchased with endowment funds or with management-designated investment funds are classified as investments.

Investments: Investments are carried at estimated fair value in the consolidated balance sheets. Fair value of investments are estimated based on quoted market prices where available. Investments may include some short-term investments, which consist primarily of money market funds and other short-term investments temporarily held by investment managers.

Investments in investment partnerships are valued at fair value, based on the applicable percentage ownership of the underlying partnership's net assets as of the measurement date, as determined by CI. In determining fair value, CI utilizes valuations provided by the fund manager of the underlying investment partnerships. The underlying investment partnerships value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment partnerships, which may include private placements and other securities for which prices are not readily available, are determined by CI for the respective investment partnerships and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The fair value of CI's investments in other investment partnerships generally represents the amount CI would expect to receive if it were to liquidate its investment in the investment partnerships, excluding any redemption charges that may apply. CI may adjust the respective manager's valuation when circumstances support such an adjustment.

Note 2. Significant Accounting Policies (Continued)

Investment income and net appreciation (depreciation) on investments are reported as follows, when earned:

- As increases (decreases) in net assets with donor restrictions, if the terms of the gift or state law impose restrictions on the current use of the investment income or net appreciation (depreciation).

- As increases (decreases) in net assets without donor restrictions in all other cases.

Concentrations of credit and market risk: CI's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash and cash equivalents, investments and grants and pledges receivable. CI invests its excess cash and cash equivalents and maintains its investments with high-quality financial institutions. CI had $17,855,000 and $9,671,000 of cash and cash equivalents on hand and at financial institutions in foreign countries at June 30, 2022 and 2021, respectively. The majority of the funds invested in foreign countries are uninsured. At times, CI maintains cash balances at financial institutions in the United States in excess of Federal Deposit Insurance Corporation (FDIC) limits. CI has not experienced any losses in such accounts, and management believes the risk in these situations to be minimal. The composition and maturities of investments, as well as investment performance, are regularly monitored by management.

CI invests in common stocks, mutual funds, money market funds, fixed income securities, exchange traded funds, partnerships and private equities. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is possible that changes in risks in the near term could materially affect investment balances and amounts reported in the consolidated financial statements.

Grants, contributions and promises to give: Grants, contributions and promises to give are recognized as support in the year that they are unconditionally received from the donor. They are reported as increases in the appropriate category of net assets. Grants, contributions and promises to give that will not be collected within one year have been discounted at a rate commensurate with the risks involved at the time the gift was promised, based upon anticipated payment dates. CI has established an allowance for uncollectible pledges in the amount of $1,503,000 and $1,304,000 at June 30, 2022 and 2021, respectively. This allowance is mainly based on potential de-obligations of existing restricted promises to give. Historically, de-obligations mainly arose in cases where CI has completed the project at less than the full amount of the associated grant, and less frequently, when the donor chooses to discontinue funding for economic or other reasons.

Contributions include in-kind gifts that mainly consisted of donated professional fees, equipment and airfare. The in-kind contributions are recorded at their fair value as of the date the goods or services are provided. In-kind contributions were $1,280,000 and $1,167,000 for the years ended June 30, 2022 and 2021, respectively.

CI receives both conditional and unconditional grants and promises to give. Grants and promises to give are considered to be conditional if the donor agreement stipulates both a donor-imposed barrier that must be overcome before being entitled to the assets transferred or promised, as well as a right of return to the donor of any assets transferred or a right of release of the donor's obligation to honor the promise.

Note 2. Significant Accounting Policies (Continued)

Unconditional grants and promises to give are recognized when the agreement is signed; whereas conditional grants and promises to give are recognized as earned in the year in which CI meets the conditions stipulated by the donor. As of June 30, 2022 and 2021, CI was awarded the following amounts of conditional grants and promises to give but not yet recognized or earned (in thousands):

	2022	2021
Public funding	$ 307,009	$ 196,149
Foundations	88,951	93,072
Corporations	20,084	6,535
Individuals	3,130	3,158
Others	10,169	8,361
	$ 429,343	$ 307,275

CI has made conditional promises (conditional grants) to implementing partners of $69,472,000 and $16,559,000 as of June 30, 2022 and 2021, respectively. Future payments are contingent upon the implementing partners carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.

The amount of conditional grant and promises to give left to earn are not reported in the accompanying consolidated balance sheets or consolidated statements of activities.

Contracts: Contract revenue is recognized when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration CI expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, CI combines it with other performance obligations until a distinct bundle of goods or services exists. Most performance obligations are satisfied over time and the related revenue is recognized as services are rendered.

The timing of revenue recognition may not align with the right to invoice the customer. CI records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in the advance of the right to invoice, a contract asset (accounts receivable) is recorded. Deferred revenue and refundable advances include $6,590,000 and $6,233,000 of contract liabilities as of June 30, 2022 and 2021, respectively. Grants and promises to give include $1,373,000 and $1,199,000 of contract receivables as of June 30, 2022 and 2021, respectively. The opening balances as of July 1, 2020 were $4,608,000 for contract liabilities and $1,183,000 for contract receivables.

Notes receivable: Notes are recorded as receivables at face value when the agreement is signed by both parties. Related interest income is recognized as it is earned based on stated interest rates applied to the face value of the applicable notes. An allowance for uncollectible notes is based on an evaluation of the collectability of the principal and interest. There was no allowance for uncollectible notes receivable as of June 30, 2022 or 2021.

Note 2. Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are stated at cost and depreciated on the straight-line basis over their related estimated useful lives, generally three to five years. Assets with a unit cost of $5,000 or more are capitalized. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Leasehold improvements are recorded at cost and are amortized over the lesser of the asset's useful life or the life of the lease. Land and buildings are stated at cost; buildings are depreciated on the straight-line basis over an estimated useful life of 30 years. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss on retirement or disposal of the assets is recorded as revenue or expense.

Impairment of long-lived assets: CI requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Notes payable: Notes payable are recognized as liabilities in the year funds are received from the lender.

Grants payable: For agreements considered to be unconditional contributions, grants are recognized as liabilities in the year CI makes the unconditional commitment. For agreements considered to be conditional contributions, the payable is recognized when the condition is met. Which is typically as expenses are incurred by grantees over the reporting period.

Deferred revenue and refundable advance: CI records both grant payments received in advance of satisfying the donor-imposed conditions in addition to contract liabilities as deferred revenue and refundable advance.

Income taxes: CI is exempt from income taxes under Section 501(c)(3) of the IRC. In addition, CI has been determined by the Internal Revenue Service (IRS) not to be a private foundation. CI is subject to unrelated business income taxes under Section 512 of the IRC; however, in the opinion of management, no provision for income taxes is required to be made.

CI follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, CI may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated CI's tax positions and concluded that CI had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

The aforementioned field offices are organized as tax-exempt entities in their respective countries, with the exception of CI-Guyana. This field office is organized under the Companies Act of Guyana regulations. Its by-laws prohibit the accumulation or distribution of profits.

Note 2. Significant Accounting Policies (Continued)

Pending accounting pronouncements: In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated income statement. The new standard will be effective for CI for the fiscal year ending June 30, 2023. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. CI is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Subsequent events: CI has evaluated subsequent events through January 6, 2023, the date on which consolidated financial statements were available to be issued.

Note 3. Liquidity and Availability of Resources

Contributions without donor restrictions, contributions with donor restrictions for use in current activities and programs, investment income without donor restrictions, and earnings appropriated from endowments with donor restrictions and board-designated endowments are considered to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

CI manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining a sufficient level of asset liquidity
- Monitoring and maintaining reserves to provide reasonable assurance that long-term grant commitments will continue to be met

CI regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2022 and 2021, the following financial assets are available to meet annual operating needs for the upcoming fiscal year (in thousands):

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 214,368	$ 162,693
Investments	273,551	263,000
Grants and promises to give, net	54,503	39,186
Notes receivable	6,854	4,178
Total financial assets available	549,276	469,057
Less amounts not available to be used within one year:		
Investments related to board-designated endowment	22,904	22,346
Grants and promises to give due after one year	17,016	3,739
Notes receivable due after one year	4,863	3,397
Deferred revenue to be recognized after one year	72,365	44,346
Time and purpose restricted net assets released after one year	270,667	234,387
Perpetual restricted net assets	13,321	13,321
Total amounts not available to be used within one year	401,136	321,536
Financial assets available to meet general expenditures within one year	$ 148,140	$ 147,521

Note 3. Liquidity and Availability of Resources (Continued)

CI has various sources of liquidity at its disposal, including cash and cash equivalents, amounts due from donors within one year, and investments in marketable securities. Additionally, CI has a board-designated endowment of $22,904,000 and $22,346,000 as of June 30, 2022 and 2021, respectively. Although there is no intention to spend from its board-designated endowment funds other than amounts appropriated each year for general expenditures, the amounts from its board-designated endowment could be made available if necessary. Note that the board-designated endowment fund, donor-restricted endowments, and several other investments cannot be redeemed and made available within one year (see Note 5 for disclosures about investments).

Note 4. Contributions of Nonfinancial Assets

Contributed nonfinancial assets utilized in programs and activities for the years ended June 30, 2022 and 2021, are as follows (in thousands):

Category	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs	2022	2021
Professional Services	Legal Services	No associated donor restrictions	Fair market value provided by firm based on lawyer rate and hours worked	$ 850	$ 1,161
Service Providers	Communications and fundraising	No associated donor restrictions	Estimated fair market value of media provided by service provider	368	-
Other	Airfare, sublease office space, staff morale costs	No associated donor restrictions	Estimated fair market value based on wholesale values for similar ticket pricing, local real estate or products in the United States	62	6
				$ 1,280	$ 1,167

The above contributed nonfinancial assets were utilized in operational and program activities consistent with donor restrictions, where applicable.

Note 5. Investments and Fair Value Measurements

Investment (loss) income for the years ended June 30, 2022 and 2021, consists of the following (in thousands):

	2022	2021
Realized and unrealized (loss) gain , net	$ (23,725)	$ 46,612
Interest and dividends	3,681	4,951
Investment management fees	(954)	(1,162)
	$ (20,998)	$ 50,401

Note 5. Investments and Fair Value Measurements (Continued)

The Fair Value Measurement Topic of the FASB ASC establishes a fair value hierarchy that is based on the valuation inputs used in the fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities such as common stocks, mutual funds, money market funds and exchange traded funds.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include fixed income securities, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. CI has no investments classified as Level 3 at June 30, 2022 and 2021.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. CI’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Note 5. Investments and Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30, 2022 (in thousands):

	2022			
Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	$ 45,500	$ -	$ -	$ 45,500
Certificates of deposit	75,000	-	-	75,000
	$ 120,500	$ -	$ -	$ 120,500
Investments:				
Common stocks:				
Consumer goods	$ 5,348	$ -	$ -	$ 5,348
Financial services	3,118	-	-	3,118
Technology	1,098	-	-	1,098
Industrial goods	1,095	-	-	1,095
Healthcare	485	-	-	485
Basic materials	333	-	-	333
Services	58	-	-	58
Total common stocks	11,535	-	-	11,535
Mutual funds:				
Multi-sector equity funds	23,117	-	-	23,117
Multi-sector bond funds	175	-	-	175
Total mutual funds	23,292	-	-	23,292
Fixed income:				
Corporate bonds	-	47,666	-	47,666
U.S. government bonds	-	34,204	-	34,204
Municipal bonds	-	12,482	-	12,482
Total fixed income	-	94,352	-	94,352
Other assets:				
Money market funds	44,503	-	-	44,503
Gold exchange traded fund	1,516	-	-	1,516
Total other assets	46,019	-	-	46,019
Total publicly traded securities	80,846	94,352	-	175,198
Other investments measured at net asset value (a)	-	-	-	98,353
	$ 80,846	$ 94,352	$ -	$ 273,551

Note 5. Investments and Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30, 2021 (in thousands):

	2021			
Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	$ 105,849	$ -	$ -	$ 105,849
Investments:				
Common stocks:				
Consumer goods	$ 4,576	$ -	$ -	$ 4,576
Financial services	2,163	-	-	2,163
Technology	1,160	-	-	1,160
Industrial goods	684	-	-	684
Healthcare	269	-	-	269
Services	167	-	-	167
Total common stocks	9,019	-	-	9,019
Mutual funds:				
Multi-sector equity funds	21,938	-	-	21,938
Multi-sector bond funds	170	-	-	170
Total mutual funds	22,108	-	-	22,108
Fixed income:				
Corporate bonds	-	55,661	-	55,661
U.S. government bonds	-	47,858	-	47,858
Municipal bonds	-	15,573	-	15,573
Total fixed income	-	119,092	-	119,092
Other assets:				
Money market funds	15,776	-	-	15,776
Gold exchange traded fund	1,491	-	-	1,491
Total other assets	17,267	-	-	17,267
Total publicly traded securities	48,394	119,092	-	167,486
Other investments measured at net asset value (a)	-	-	-	95,514
	$ 48,394	$ 119,092	$ -	$ 263,000

(a) In accordance with ASC Topic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

Note 5. Investments and Fair Value Measurements (Continued)

Alternative investments are less liquid than CI's other investments. The following tables set forth additional disclosures of CI's investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30, 2022 and 2021.

The following table provides additional information about the investments by strategy (in thousands):

Investment Strategy	Fair Value at June 30, 2022	Fair Value at June 30, 2021	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity (a)	$ 89,060	$ 93,802	$ 28,694	Semi-monthly annually	5-90 days
Fixed income (b)	9,293	1,712	-	N/A	N/A
	$ 98,353	$ 95,514	$ 28,694		

(a) This category includes investments in equities across all sectors and geographic regions, including several long and short hedge funds. The investment strategies of these funds focus on an event or a catalyst that will move an equity price, an equity spread, a credit spread or an implied volatility spread, offering a blend of both growth and value investing styles. Most of the securities underlying the funds are marketable equities. As of June 30, 2022, about 36% of the funds have a redemption frequency between weekly to quarterly. The remaining funds can be redeemed annually or at the time of their termination.

(b) This category includes a variety of fixed income investments. It includes investment in a multi-sector fixed-income relative-value fund, as well as investment in secured U.S. middle market secured loans and private debt. The investments held as of June 30, 2022, cannot be liquidated in advance of their natural termination.

Note 6. Grants and Promises to Give Receivable

CI considers grants and promises to give receivable to be collectible within one year, unless otherwise stated by the donor. Unconditional grants and promises to give as of June 30, 2022 and 2021, are due as follows (in thousands):

	2022	2021
Within one year	$ 39,702	$ 36,768
Two to five years	17,016	3,739
Gross grants and promises to give	56,718	40,507
Discount to present value	(712)	(17)
Allowance for doubtful pledges	(1,503)	(1,304)
Net grants and promises to give receivable	$ 54,503	$ 39,186

CI's grants and promises to give receivable balance include receivables from the federal government, foreign governments and private donors. CI's 10 largest contributors during the year ended June 30, 2022, comprised approximately 57% or $150,673,000 of total support and revenue. CI's 10 largest contributors during the year ended June 30, 2021, comprised approximately 41% or $88,749,000 of total support and revenue. CI's 10 largest grants and promises to give receivable balances, before net present value and allowance for uncollectible pledges, comprised approximately 63% or $35,541,000 at June 30, 2022, and 59% or $24,093,000 at June 30, 2021.

Note 7. Project Advances to Partners

As an accredited implementing agency of the Global Environment Fund (the GEF), CI has entered into a limited partnership agreement in an impact investment fund. The investment objectives of the fund are (1) to generate measurable social and environmental outcomes and provide reasonable financial returns for investors by making debt and equity investments in fishing and seafood-related enterprises and (2) to demonstrate the effectiveness of private capital investment as a catalyst to help coastal fisheries to achieve economic, social, and environmental sustainability.

As of the year ended June 30, 2021, CI committed and paid $6,000,000 to the fund, of which $1,763,000 had been deployed as a capital contribution, leaving a balance of $4,237,000 as a project advance to the partner. During the year ended June 30, 2022, an additional $1,563,000 was deployed, resulting in $2,674,000 remaining as a project advance to the partner.

In addition, CI Ventures also provided a project advance to an investment partner of $200,000 as of June 30, 2022.

Note 8. Notes Receivable

CI made loans to small and medium-sized enterprises, which support conservation and conservation-oriented employment in the regions in which CI works. The outstanding notes receivable balance at June 30, 2022, bears interest at rates ranging from 2% to 10% and are due between December 2022 and March 2032.

At June 30, 2022 and 2021, notes receivable, totaled $6,854,000 and $4,178,000, respectively. There was no allowance for uncollectible notes at June 30, 2022 and 2021.

The following schedule shows required future minimum repayments (in thousands) at June 30, 2022:

Years ending June 30:		
2023	$	1,991
2024		1,484
2025		1,502
2026		718
2027		1,003
Thereafter		156
	$	6,854

Note 9. Property and Equipment

Property and equipment at June 30, 2022 and 2021, consist of the following (in thousands):

		2022		2021
Furniture and equipment	$	6,111	$	6,891
Leasehold improvements		4,151		5,627
Land		131		131
Buildings		564		564
		10,957		13,213
Accumulated depreciation and amortization		(6,826)		(8,346)
Net property and equipment	$	4,131	$	4,867

Depreciation and amortization expense for the years ended June 30, 2022 and 2021, was $763,000 and $984,000, respectively.

Note 10. Notes Payable

Notes payable at June 30, 2022 and 2021, consist of the following (in thousands):

		2022		2021
Private investors	$	1,500	$	1,250
L’Agence Française de Développement		-		109
	$	1,500	$	1,359

CI entered into a note agreement with L’Agence Française de Développement (AFD) to provide loans to small and medium-sized enterprises, which support biodiversity conservation and conservation-oriented employment in the areas where CI works. This agreement ended in July 2021. Through CI’s African Conservancies Fund LLC, CI also entered into loan agreements with several private investors in order to fund this entity, which identifies and provides financing to African conservancies in need. The remaining loan principals are due in December 2027 and bear interest rates of 2%.

Interest expense for the years ended June 30, 2022 and 2021, was $40,000 and $9,000, respectively.

Note 11. Grants Payable

CI enters into grant agreements with various domestic and foreign organizations. For agreements considered to be unconditional contributions, CI expenses the grant obligation and records the corresponding liability when the grant agreements are signed. For agreements considered to be conditional contributions, CI recognizes the liability based on expenses incurred by grantees over the reporting period. As of June 30, 2022 and 2021, CI’s total grant payable were $2,276,000 and $1,130,000, respectively. CI disburses grant funds to grant recipients based upon the recipients’ cash needs and does not schedule these payments in advance. CI estimates that the majority of this balance will be paid to recipients within the next fiscal year, so no discount on these payments is calculated.

Note 12. Net Assets

The components of CI's net assets were as follows as of June 30, 2022 and 2021 (in thousands):

	2022	2021
Without donor restrictions:		
Undesignated	$ 6,296	$ 5,727
Board-designated	22,904	22,346
Total net assets without donor restrictions	$ 29,200	$ 28,073
With donor restrictions:		
Time and purpose restriction	$ 390,775	$ 339,197
Perpetual in nature	13,321	13,321
Total net assets with donor restrictions	$ 404,096	$ 352,518

Net assets with donor restrictions are funds with time or purpose stipulations imposed by the donor. During the year ended June 30, 2022, there were $239,776,000 in new funds with donor restrictions and $187,501,000 released from restrictions. These funds also incurred a net loss of $697,000 due to foreign currency translations. These activities resulted in a $404,096,000 net asset with donor restrictions balance as of June 30, 2022, consisting of the following amounts by program (in thousands):

	June 30, 2021	Operating Additions	Operating Releases	Non-Operating Activity	Reclassifications	June 30, 2022
Management and operations *	$ 157,140	$ 55,109	$ (43,184)	$ (697)	$ (31,013)	$ 137,355
Field programs	71,359	94,098	(71,964)	-	8,266	101,759
Grantmaking divisions	44,052	47,155	(49,869)	-	4,263	45,601
Other programs	30,605	479	(4,429)	-	10,972	37,627
Center for Natural Climate Solutions	26,443	21,944	(7,753)	-	274	40,908
Moore Center for Science	10,461	10,308	(6,588)	-	1,103	15,284
Communications	7,990	8,625	(481)	-	5,204	21,338
Center for Sustainable Lands and Waters	4,468	2,058	(3,233)	-	931	4,224
	$ 352,518	$ 239,776	$ (187,501)	$ (697)	$ -	$ 404,096

* This amount is restricted due to time or is unallocated flexible funding for future years.

Note 12. Net Assets (Continued)

During the year ended June 30, 2021, there were $183,713,000 in new funds with donor restrictions and $135,380,000 released from restrictions. These funds also incurred a net gain of $198,000 due to foreign currency translations. These activities resulted in a $352,518,000 net asset with donor restrictions balance as of June 30, 2021, consisting of the following amounts by program (in thousands):

	June 30, 2020	Operating Additions	Operating Releases	Non-Operating Activity	June 30, 2021
Management and operations *	$ 157,217	$ 32,711	$ (32,986)	$ 198	$ 157,140
Field programs	64,178	61,305	(54,124)	-	71,359
Grantmaking divisions	43,645	32,748	(32,341)	-	44,052
Other programs	17,529	17,196	(4,120)	-	30,605
Center for Natural Climate Solutions	3,844	26,632	(4,033)	-	26,443
Moore Center for Science	7,180	7,955	(4,674)	-	10,461
Communications	6,504	2,208	(722)	-	7,990
Center for Sustainable Lands and Waters	3,890	2,958	(2,380)	-	4,468
	$ 303,987	$ 183,713	$ (135,380)	$ 198	$ 352,518

* This amount is restricted due to time or is unallocated flexible funding for future years.

Note 13. Endowment Funds

Management has interpreted the state of California's enacted version of Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of original donor-restricted contributions as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, CI classifies as donor restricted endowments: (a) the original value of permanently restricted cash contributions and (b) the discounted value of the future perpetually restricted cash contributions. The remaining portion of the donor-restricted cash contributions are classified as net assets with donor restrictions (time and purpose restricted) until those amount are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CI considers the following factors in making a determination to appropriate or accumulate donor-restricted cash contributions:

- The purpose of CI and donor-restricted endowment fund
- The duration and preservation of the fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other available financial resources
- Investment policies

CI's endowment funds consist of the following at June 30, 2022 and 2021 (in thousands):

	2022			
	Without Donor Restrictions	With Donor Restrictions: Time and Purpose	With Donor Restrictions: Perpetual In Nature	Total
Donor-restricted endowment funds	$ -	$ 10,451	$ 13,321	$ 23,772
Board-designated endowment funds	22,904	-	-	22,904
	$ 22,904	$ 10,451	$ 13,321	$ 46,676

	2021			
	Without Donor Restrictions	With Donor Restrictions: Time and Purpose	With Donor Restrictions: Perpetual In Nature	Total
Donor-restricted endowment funds	$ -	$ 16,249	$ 13,321	$ 29,570
Board-designated endowment funds	22,346	-	-	22,346
	$ 22,346	$ 16,249	$ 13,321	$ 51,916

Note 13. Endowment Funds (Continued)

Endowment fund activity for the years ended June 30, 2022 and 2021, consists of the following (in thousands):

	2022			
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Perpetual In Nature	Total
Endowment net assets, beginning of year	$ 22,346	$ 16,249	$ 13,321	$ 51,916
Investment return:				
Interest and dividends	124	134	-	258
Realized and unrealized losses on investments, net	(3,840)	(4,774)	-	(8,614)
Amounts appropriated for expenditure	(726)	(1,158)	-	(1,884)
Contributions	5,000	-	-	5,000
Endowment net assets, end of year	$ 22,904	$ 10,451	$ 13,321	$ 46,676

	2021			
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Perpetual In Nature	Total
Endowment net assets, beginning of year	$ 12,278	$ 10,132	$ 13,318	$ 35,728
Investment return:				
Interest and dividends	122	194	-	316
Realized and unrealized gains on investments, net	4,417	7,122	-	11,539
Amounts appropriated for expenditure	(648)	(1,199)	-	(1,847)
Contributions	6,177	-	3	6,180
Endowment net assets, end of year	$ 22,346	$ 16,249	$ 13,321	$ 51,916

Endowment funds are invested in the following manner as of June 30, 2022 and 2021 (in thousands):

	2022	2021
Common stocks	$ 16,590	$ 17,052
Alternative investments	20,396	22,347
Fixed income	6,550	8,368
Mutual funds	1,624	2,658
Commodities	1,516	1,491
	$ 46,676	$ 51,916

Note 13. Endowment Funds (Continued)

Investment and spending policies: CI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. CI's spending and investment policies work together to achieve this objective through diversification of asset classes. The current long-term return objective is to generate a return that supports a 5% spending rate, while generating sufficient return to maintain the purchasing power of the corpus of the funds.

To satisfy its long-term rate of return objectives, CI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of appropriations annually distributed from CI's various endowed funds for grant making and administration. The current spending policy is to distribute the lesser of the accumulated earnings or 5% of the total endowment assets' average balance of the preceding calendar year. If economic indicators suggest a downturn in investments, CI may choose to reduce the spending percentage to ensure the corpus is preserved.

Annual returns in excess of spending are re-invested in the endowment assets. In the event that an endowment fund experiences investment losses in a particular year, these losses will be attributed to that fund.

Unspent earnings on the endowment fund, net of expenses incurred, totaled $10,451,000 and $16,249,000 at June 30, 2022 and 2021, respectively, and are included in net assets with donor restrictions (time and purpose).

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires CI to retain as a fund of perpetual duration. As of June 30, 2022 and 2021, there were no funds with deficiencies.

Note 14. Retirement Plans

Eligible U.S. paid employees participate in a defined contribution retirement plan. CI matches employee contributions up to 6% of basic salary. Contributions made by CI during the years ended June 30, 2022 and 2021, amounted to $2,258,000 and $2,097,000, respectively.

CI has established an International Retirement Savings Plan (IRSP) for in-country staff working in CI's field offices. CI adopted the IRSP with an effective participation date of January 1, 2001. In accordance with the IRSP, CI makes annual contributions of 3% of each eligible staff person's annual salary. Contributions for the years ended June 30, 2022 and 2021, were $292,000 and $238,000, respectively.

CI's Board of Directors has established a Section 457(b) supplemental employee retirement plan (the Plan). Under the terms of the Plan, eligible employees elect to deposit a percentage of their compensation into the Plan, subject to IRS limits. Employee deposits and accumulations are accounted for as an asset and offsetting liability on CI's consolidated balance sheets until they are distributed to the participants. The amount of deposits and related accumulations were $163,000 and $155,000 at June 30, 2022 and 2021, respectively.

Note 15. Related-Party Transactions

During the years ended June 30, 2022 and 2021, CI continued to support a related party under a services agreement to provide technical and programmatic services. This organization's mission, which CI shares, places a specific focus on ensuring indigenous peoples have the economic power and cultural independence to steward, support, and protect their livelihoods and territories. For the years ended June 30, 2022 and 2021, CI received $0 and $3,250,000, respectively, in grant revenue for work with indigenous people, and $0 and $1,000 in contract revenue for services provided. At June 30, 2022 and 2021, there were also remaining related party net receivable balances of $1,125,000 and $2,175,000, respectively.

Note 16. Commitments and Contingencies

Leases: CI leases office space in Arlington, Virginia; Seattle, Washington; Honolulu, Hawaii and foreign countries. CI is also obligated under several non-cancelable leases for office equipment. In addition, CI holds land concessions in Guyana.

The lease for CI's Arlington, Virginia headquarters was signed on March 31, 2006, and began on December 1, 2006. On December 26, 2017, an amendment to the lease agreement was signed reducing the rentable square footage occupied by CI and cost per square foot of the lease. Additionally, the term of the lease was extended an additional 15 years, expiring on November 30, 2036.

CI has entered into several noncancelable lease agreements, and the following is a schedule of future minimal payments by year (in thousands):

Years ending June 30:		
2023	$	3,408
2024		2,929
2025		2,654
2026		2,569
2027		2,497
Thereafter		22,969
	$	37,026

Total rent expense for the years ended June 30, 2022 and 2021, was $3,938,000 and $4,097,000, respectively. Rent expense is recorded on a straight-line basis over the entire lease term. Lease incentives, including rent abatements, are being amortized over the remaining life of the lease. The unamortized portion of these incentives is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Note 16. Commitments and Contingencies (Continued)

U.S. federal grants: CI receives grants from various agencies of the U.S. government. Such grants are subject to audit and periodic reviews by grantor agencies. The ultimate determination of amounts received under the U.S. government grants is based upon the allowance of costs reported to and accepted by the U.S. government as a result of the audits. Until such audits have been accepted by the U.S. government, there exists a potential contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

CI's undrawn letter of credit with the U.S. government at June 30, 2022 and 2021, was $5,485,000 and $6,570,000, respectively. CI draws funds quarterly, based on the prior quarter's spending.

Litigation: CI is involved in various claims and legal actions arising in the ordinary course of business. Based upon information currently available, management believes the ultimate disposition of these matters will not have a material adverse effect on the consolidated financial position, changes in net assets or cash flows.

Self-insured health plan: CI has a self-insured health insurance plan for its employees and their qualifying dependents. CI holds stop-loss insurance coverage, which limits CI's liability to an aggregate maximum claim liability per policy year of $1,000,000. For individual claims, CI's liability is capped at $175,000 and $150,000 as of June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, CI had medical claims accruals of $475,000 and $336,000, respectively, which are included in accrued salaries, vacation and employee benefits in the accompanying consolidated balance sheets.

Note 17. Analysis of Field Program Expenses

The following is a breakdown by region of Field Program related expenses for the years ended June 30, 2022 and 2021 (in thousands):

	2022	2021
South and Central America	$ 44,232	$ 29,841
Asia Pacific	24,808	19,190
Africa and Madagascar	18,622	13,107
Oceans	12,203	8,050
	$ 99,865	$ 70,188

Note 18. COVID-19

The continued global pandemic in 2020 has created substantial volatility in financial markets and the economy, including the geographic areas in which CI operates. While CI has mitigated the financial impact to its business, it is unknown how long these conditions will last. Accordingly, there could be further negative impact to operations, the extent to which will depend on future developments, which are highly uncertain and cannot be predicted and as such cannot be determined.