Carnegie Endowment for International Peace

Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022

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Contents

Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive, Suite 800
McLean, VA 22102

Independent Auditor's Report

The Board of Trustees
Carnegie Endowment for International Peace
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of the Carnegie Endowment for International Peace and Subsidiaries (the Endowment), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Endowment as of June 30, 2023 and 2022, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Endowment 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Endowment'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 consolidated financial statements.

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

BDO USA, P.C.

October 16, 2023

Consolidated Financial Statements

Carnegie Endowment for International Peace

Consolidated Statements of Financial Position

June 30,		**2023**		2022
Assets				
Current assets				
Cash and cash equivalents	$	**18,235,264**	$	17,087,588
Accounts receivable and prepaid expenses		**1,813,898**		1,299,836
Contributions receivable, net (Note 2)		**15,030,974**		17,718,911
Total current assets		**35,080,136**		36,106,335
Long-term assets				
Investments (Note 3)		**446,687,141**		441,048,847
Contributions receivable, net (Note 2)		**6,623,091**		10,252,759
Property and equipment, net (Note 5)		**32,524,844**		33,107,199
Right of use asset - leases (Note 10)		**1,291,463**		1,052,515
Total long-term assets		**487,126,539**		485,461,320
Total assets	$	**522,206,675**	$	521,567,655
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$	**5,055,560**	$	6,752,700
Future lease obligations (Note 10)		**331,067**		319,405
Bond interest payable (Note 7)		**202,857**		121,968
Note payable, net (Note 6)		**251,031**		486,088
Total current liabilities		**5,840,515**		7,680,161
Long-term liabilities				
Future lease obligations (Note 10)		**991,450**		744,903
Note payable, net (Note 6)		**-**		251,031
Interest rate swap (Note 8)		**3,645,738**		5,890,181
Bonds payable, net (Note 7)		**32,702,101**		32,663,603
Total long-term liabilities		**37,339,289**		39,549,718
Total liabilities		**43,179,804**		47,229,879
Commitments and contingencies (Note 10)				
Net assets				
Without donor restrictions		**38,108,247**		31,830,126
With donor restrictions (Note 14 and Note 15)		**440,918,624**		442,507,650
Total net assets		**479,026,871**		474,337,776
Total liabilities and net assets	$	**522,206,675**	$	521,567,655

See accompanying notes to the consolidated financial statements.

Carnegie Endowment for International Peace

Consolidated Statement of Activities and Change in Net Assets

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support:			
Contributions of cash and other financial assets	$ 4,191,904	$ 28,795,852	$ 32,987,756
Contributions of nonfinancial assets	50,143	-	50,143
Investment return distribution to fund operations, net (Note 1)	-	16,168,337	16,168,337
Rental income	1,247,458	-	1,247,458
U.S. Government revenue	423,809	-	423,809
Publications	8,164	-	8,164
Other	179,158	-	179,158
Net assets released from restrictions	43,246,517	(43,246,517)	-
Total operating revenues and other support	49,347,153	1,717,672	51,064,825
Operating expenses:			
Program services	37,104,753	-	37,104,753
Supporting services:			
Management and general	6,355,031	-	6,355,031
Fundraising	1,964,640	-	1,964,640
Total operating expenses	45,424,424	-	45,424,424
Change in net assets from operations	3,922,729	1,717,672	5,640,401
Non-operating revenues and expenses:			
Investment return in excess of spending rate	110,949	(3,306,698)	(3,195,749)
Change in fair value of interest rate swap	2,244,443	-	2,244,443
Change in net assets	6,278,121	(1,589,026)	4,689,095
Net assets, beginning of year	31,830,126	442,507,650	474,337,776
Net assets, end of year	$ 38,108,247	$ 440,918,624	$ 479,026,871

See accompanying notes to the consolidated financial statements.

Carnegie Endowment for International Peace

Consolidated Statement of Activities and Change in Net Assets

Year Ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support:			
Contributions of cash and other financial assets	$ 5,539,355	$ 28,241,977	$ 33,781,332
Contributions of nonfinancial assets	42,083	-	42,083
Investment distribution to fund operations, net (Note 1)	-	14,978,215	14,978,215
Rental income	1,253,411	-	1,253,411
U.S. Government revenue	591,318	-	591,318
Publications	11,199	-	11,199
Other	15,250	-	15,250
Net assets released from restrictions	36,717,201	(36,717,201)	-
Total operating revenues and other support	44,169,817	6,502,991	50,672,808
Operating expenses:			
Program services	30,413,041	-	30,413,041
Supporting services:			
Management and general	5,489,778	-	5,489,778
Fundraising	1,742,755	-	1,742,755
Total operating expenses	37,645,574	-	37,645,574
Change in net assets from operations	6,524,243	6,502,991	13,027,234
Non-operating revenues and expenses:			
Investment return in excess of spending rate	157,068	(26,161,248)	(26,004,180)
Change in fair value of interest rate swap	5,587,035	-	5,587,035
Change in net assets	12,268,346	(19,658,257)	(7,389,911)
Net assets, beginning of year	19,561,780	462,165,907	481,727,687
Net assets, end of year	$ 31,830,126	$ 442,507,650	$ 474,337,776

See accompanying notes to the consolidated financial statements.

Carnegie Endowment for International Peace

Consolidated Statements of Functional Expenses

Year Ended June 30, 2023	Program	Management and General	Fundraising	Total
Salaries	$ 16,401,405	$ 2,680,547	$ 1,179,934	$ 20,261,886
Payroll taxes and employee benefits	5,173,305	1,622,474	300,188	7,095,967
Consulting and professional fees	5,351,468	609,030	145,275	6,105,773
Other expenses	2,429,486	449,081	25,903	2,904,470
Travel	1,762,153	327,295	33,669	2,123,117
Interest expense	1,016,952	166,204	73,161	1,256,317
Property management	1,266,737	212,000	91,130	1,569,867
Depreciation and amortization	1,110,452	136,881	77,127	1,324,460
Meetings and seminars	1,214,464	86,134	9,845	1,310,443
Real estate taxes	393,488	64,309	28,308	486,105
Rent	448,911	-	-	448,911
Publication expenses	535,932	1,076	100	537,108
	$ 37,104,753	$ 6,355,031	$ 1,964,640	$ 45,424,424

Year Ended June 30, 2022	Program	Management and General	Fundraising	Total
Salaries	$ 13,885,844	$ 2,517,721	$ 1,026,869	$ 17,430,434
Payroll taxes and employee benefits	4,766,536	1,122,692	248,358	6,137,586
Consulting and professional fees	4,216,156	679,660	150,119	5,045,935
Other expenses	1,604,684	309,520	22,392	1,936,596
Travel	525,412	124,031	2,657	652,100
Interest expense	1,067,567	193,567	78,947	1,340,081
Property management	1,772,140	328,927	131,051	2,232,118
Depreciation and amortization	707,462	83,531	49,516	840,509
Meetings and seminars	269,907	51,521	4,421	325,849
Real estate taxes	384,379	69,694	28,425	482,498
Rent	429,546	8,000	-	437,546
Publication expenses	783,408	914	-	784,322
	$ 30,413,041	$ 5,489,778	$ 1,742,755	$ 37,645,574

See accompanying notes to the consolidated financial statements.

Carnegie Endowment for International Peace

Consolidated Statements of Cash Flows

Year Ended June 30,		2023		2022
Cash flows from operating activities:				
Change in net assets	$	**4,689,095**	$	(7,389,911)
Adjustments to reconcile change in net assets used in operating activities:				
Realized and unrealized (gain) loss on investments		**(10,557,887)**		11,122,705
Change in discount applied to contributions receivable		**(15,040)**		(162,914)
Change in allowance applied to contributions receivable		**513,564**		98,435
Amortization of bond and note issuance costs		**50,833**		40,371
Change in fair value of interest rate swap		**(2,244,443)**		(5,587,035)
Contributions restricted for endowment		**(664,527)**		(196,181)
Non-cash lease expense		**(238,948)**		260,824
Depreciation and amortization		**1,273,629**		800,138
Loss on disposal of property and equipment		**4,972**		582,820
Donated securities		**(324,241)**		(2,813,810)
Proceeds from donated securities		**324,241**		2,813,810
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable and prepaid expenses		**(514,062)**		854,026
Contributions receivable		**5,819,081**		(1,438,462)
Increase (decrease) in:				
Accounts payable and accrued expenses		**(1,697,140)**		585,421
Bond interest payable		**80,889**		20,642
Future lease obligations		**258,209**		(258,412)
Net cash used in operating activities		**(3,241,775)**		(667,533)
Cash flows from investing activities:				
Proceeds from sales of investments		**85,813,902**		88,008,157
Purchases of investments		**(80,894,309)**		(75,411,257)
Purchases of property and equipment		**(696,246)**		(10,391,472)
Net cash provided by investing activities		**4,223,347**		2,205,428
Cash flows from financing activities:				
Contributions restricted for endowment		**664,527**		196,181
Payments on letter-of-credit extension cost		**-**		(47,226)
Payments on note payable		**(498,423)**		(480,343)
Net cash provided by / (used in) financing activities		**166,104**		(331,388)
Increase in cash and cash equivalents		**1,147,676**		1,206,507
Cash and cash equivalents, beginning of year		**17,087,588**		15,881,081
Cash and cash equivalents, end of year	$	**18,235,264**	$	17,087,588
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	**1,256,318**	$	1,317,112

See accompanying notes to the consolidated financial statements.

1. The Organization and Summary of Significant Accounting Policies

The Carnegie Endowment for International Peace (the Endowment) is a global nonprofit organization incorporated under the laws of the State of New York. The Endowment's mission, dating back more than a century, is to advance the cause of peace through independent analysis and the development of strategic ideas to help decisionmakers in government, business, and civil society take on the most difficult global problems.

In 2006, the Endowment launched a revolutionary plan to build the first global think tank. Since then, it has transformed a more than one hundred-year-old American institution into one well-equipped for the challenges of a globalized world. The Endowment is now a unique worldwide network of more than 200 scholars across twenty countries, with regional operations in the United States, the Middle East, Europe, and South and East Asia.

Working together, the Endowment's network brings the unparalleled benefit of multiple national viewpoints to bilateral, regional, and global issues. Scholars at each center are drawn from the region and research, interview, and write in the local languages, while collaborating closely with colleagues across the world. The result provides stakeholders, capitals, and global institutions with a deeper understanding of the circumstances shaping policy choices worldwide, as well as a flow of new approaches to policy problems. The network is supervised by an international board of trustees, and its research activities are overseen by a global management group.

On April 8, 2022, the Endowment learned that its policy research center in Russia was included on a list of nongovernmental organizations whose accreditation to operate in the country had been withdrawn by the Government of Russia. As a result, the Endowment closed its office in Moscow. Yet, through *Carnegie Politika*, a new online publication, members of the Carnegie team who were forced to leave Russia continue to produce Russia- and Ukraine-focused content that seeks to break through the Kremlin's information blockade. And just one year later, on April 25, 2023, those same team members reunited in Berlin for the establishment of the Carnegie Russia Eurasia Center—a new global center of the Endowment that will continue to address the immense challenges stemming from Russia's invasion of Ukraine.

Consolidation policy

The consolidated financial statements include the accounts of Carnegie Endowment for International Peace, Carnegie Europe Foundation, Carnegie Russia Eurasia Center, and Carnegie India (collectively referred to as the Endowment). All significant intercompany transactions and accounts are eliminated in consolidation.

Basis of accounting

The accompanying consolidated financial statements of the Endowment are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of presentation

The Endowment follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*. As required by the Not-for-Profit Entities Topic of the Codification, the Endowment is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Measure of operations

The consolidated statements of activities and change in net assets reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of items attributable to the Endowment's ongoing program services. Non-operating activities are limited to resources that generate return from investments as well as other activities considered to be of a more unusual or nonrecurring nature.

The Endowment adopted an investment policy and a spending policy designed to provide a relatively predictable and growing stream of revenues to the operating budget and preserve the value of the investment portfolio. At the annual Spring Board meeting, the Board of Trustees approves the investment income allocation to fund operating expenses in the following year. The investment allocation for operating expenditures has two components, 70% of previous year's appropriation increased by an inflation factor, and 30% of the average market value of the portfolio for the 90-day period preceding the end of the fiscal year from two years prior, multiplied by 5%. The investment distribution to fund operations, on the accompanying consolidated statements of activities and change in net assets, represents an approximate 4% draw from the marketable investment portfolio.

Cash and cash equivalents

Cash and cash equivalents include all short-term, highly-liquid instruments purchased with an original maturity of three months or less.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management of the Endowment to make estimates and assumptions related to the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions and conditions.

Concentrations of credit risk

The Endowment maintains its cash balances in bank deposit accounts, which, at times, may exceed Federal Deposit Insurance Corporation limits up to $250,000. The Endowment has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash. Amounts on deposit in excess of federally insured limits at June 30, 2023 and 2022 approximate $15.9 million and $14.7 million, respectively.

The Endowment's investment portfolio includes fixed income securities, exchange traded funds and funds of funds which invest in common shares of publicly-traded companies, investment funds, limited partnerships, limited liability companies (LLCs) and pooled interests, which invest in a variety of vehicles (limited partnerships, LLCs, investment funds and non-U.S. corporations). Such investments are exposed to various risks, such as 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 at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Credit risk from financial instruments relates to the possibility that invested assets within a particular industry segment may experience losses due to market conditions. The Endowment has diversified its financial instruments, such that no one industry segment represents a significant concentration of risk. Contributions receivable consist mainly of amounts due from corporations and other not-for-profit organizations. Historically, the Endowment has not experienced significant losses related to accounts and contributions receivable and, therefore, believes that the credit risk related to these receivables is minimal.

The consolidated financial statements and transactions of the Endowment's foreign operations are maintained in both the relevant local currencies and U.S. dollars. Where local currencies are used, assets and liabilities are translated into U.S. dollars at current exchange rates in effect at the date on the consolidated statement of financial position in accordance with authoritative guidance issued by the FASB. Revenue is translated at the current exchange rates on the date of the commitment. Expenses are translated at the current exchange rates in effect at the time of payment.

Contributions receivable

Contributions receivable represent unconditional promises to give and are stated at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these contributions are computed using a discount rate commensurate with the risks involved, with the amortization of the discount included in contribution revenue. Contributions are individually analyzed for collectability. When all collection efforts have been exhausted, the contribution is written off. Management annually adjusts the allowance account based upon its estimate of those contributions believed to be uncollectible. The allowance for contributions receivable was $611,999 and $98,435, respectively, as of June 30, 2023 and 2022.

Accounts receivable

Receivables are recorded at original invoice amounts less an estimate made for doubtful receivables. Invoices are billed as services are rendered. Accounts past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off. There is no allowance for doubtful accounts for accounts receivable, based on management's estimate that all receivables are fully collectible.

Investments

Investments are carried at fair value. To adjust the carrying value of the investments, unrealized gains and losses are reported in the consolidated statements of activities and change in net assets as either operating or non-operating revenues and expenses based upon the endowments spending rate/appropriation. Realized gains and losses from sales of investments are recognized on the trade date on a specific identification basis in the same manner as unrealized gains and losses. Dividend income is recognized on the ex- dividend date. Interest income is recognized when earned. The Endowment's net investment return is reported in the consolidated statement of activities and change in net assets and consists of interest and dividend income, net realized and unrealized gains and losses, less external investment expenses.

The Endowment reports certain investments using the net asset value (NAV) per share as determined by the external investment manager under the so called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. The Endowment uses the NAV as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investments in exchange traded funds, fixed income securities and money market funds

Investments in exchange traded funds, fixed income securities and money market funds are stated at fair market value based on the last sale price. Securities transactions are recorded on a trade-date basis and are carried at fair value.

Investments in alternative funds

Investments in funds of funds, fixed income funds, and event driven funds are stated at fair value based on the applicable percentage ownership of the underlying partnerships' net assets as of the measurement date, as provided by the fund managers. The fair values of certain investments of the underlying limited partnerships and hedge funds that may include private placements and other securities, for which prices are not readily available, are determined by the general partner or sponsor of the respective other investment partnership and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Because alternative investments are not readily marketable, the fair value represents the amount the Endowment would expect to receive if it were to liquidate its investment, excluding any redemption charges that may apply.

Investments in real estate funds

Investments in real estate funds are stated at fair value based on the applicable percentage of ownership of the underlying partnership's net assets as of the measurement date, as provided by the fund managers.

Investments In derivative financial instruments

Futures contracts are valued at fair value based on the most recent available closing quotations on an exchange.

Derivative financial instruments and hedging activities

The Endowment invests in limited partnerships, LLCs, alternative funds and pooled interests that invest in various derivative instruments (e.g., options, warrants, futures, swap contracts, etc.). Derivative instruments are typically held to advance fund investment strategies to hedge investment risk to economically meet the objectives of the fund. Derivative financial instruments are recorded at estimated fair value, and the resulting gains and losses are reflected as a component of net investment return in the consolidated statements of activities and change in net assets.

The interest rate swap agreement (see Note 8) is also considered a derivative instrument and is measured at fair value and recognized in the consolidated statements of financial position as either an asset or liability, depending on the rights or obligations under the contract. The fair value of the interest rate swap agreement is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counter parties.

Changes in the fair value of the interest rate swap agreement are reported in non-operating revenues and expenses in the consolidated statements of activities and change in net assets.

Financial instruments with off-balance sheet risk

In the course of the trading activities entered into by the Endowment's various investment fund managers, certain commitments were made relating to financial instruments with off-balance sheet risk, in order to structure portfolio transactions to economically match the investment objectives of the funds and to hedge market risk. The exposure to credit risk associated with non-performance of any of these types of financial instruments is typically limited to the value of such investments reported as assets in the consolidated statements of financial position.

Property and equipment

All acquisitions of property and equipment greater than $1,500 are capitalized at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Furniture and equipment is depreciated over lives that range from three to ten years. The building is depreciated over its estimated useful life of 60 years. Building improvements are capitalized and amortized using the straight-line method over the remaining estimated life of the building. Land is recorded at cost and is not depreciated or amortized.

Costs that are directly associated with construction of an asset are capitalized. Once the asset is placed in service, all associated costs are reclassified to the appropriate property and equipment account and are then depreciated.

Valuation of long-lived assets

The Endowment reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. 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 reportable at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified as of June 30, 2023 and 2022.

Bond issuance costs

Bond issuance costs are amortized over the life of the bonds. Unamortized bond issuance costs are recorded as a reduction of bonds payable, and amortization is reported with interest expense.

Net assets

The Endowment's resources are classified for accounting and reporting purposes into net asset groups established according to their nature and purpose and based on the existence or absence of donor-imposed restrictions. Accordingly, the Endowment classifies net asset groups as follows:

Net assets without donor restrictions

Net assets without donor restrictions are not subject to donor-imposed restrictions. These net assets generally result from providing services and receiving contributions without donor restrictions, restricted gifts whose donor-imposed restrictions were met during the fiscal year less expenses incurred in providing services, raising contributions, and performing administrative functions.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors. These net assets generally result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Endowment pursuant to those stipulations. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Endowment to use the income earned on related investments for general or specific purposes.

When a donor restriction expires as a result of a stipulated time restriction ending or purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities and change in net assets as net assets released from restrictions.

Revenue recognition

Contribution revenue

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period, or are restricted by the donor for specific purposes, are reported as net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the consolidated statements of activities and change in net assets as net assets released from restrictions. With donor restriction contributions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as without donor restriction contributions.

Contributions are reported at fair value, which is net of estimated uncollectible amounts. The Endowment uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contributions, including multi-year pledges and split interest agreements, to be received after one year, are recorded at the present value of the estimated future cash flows.

Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years.

Conditional promises to give, including those received under multi-year grant agreements, are recognized as revenue when the conditions on which they depend have been substantially met.

Contributed nonfinancial assets

Contributed nonfinancial assets recognized as revenue and expenses in the consolidated statement of activities and change in the net assets, none of which had donor- imposed restrictions, were comprise of:

June 30,		**2023**	2022	**Utilization in programs/ activities**	**Valuation techniques and inputs**
IT equipment and subscriptions	**$**	**450**	21,583	IT programs and supporting Services	Contributed IT equipment and subscriptions are valued at the sale prices located on publicly available websites at the time of the donations.
Legal services		**12,500**	12,500	Asia program	Donated legal services for the Endowment's global centers is valued and reported at the standard hourly rates normally charged for those services.
Office space		**37,193**	8,000	Carnegie California and Russia Eurasia program	Donated office space for Carnegie California and donated space rental for the Carnegie Russia Eurasia launch in Berlin are valued at the rent rate charge for comparable space.
	$	**50,143**	$ 42,083		

The Endowment recognizes contributions of non-financial assets at their estimated fair value at date of donation. The Endowment recognizes contributions of services received if the services require specialized skills and would typically need to be purchased if not provided by donation.

U.S. Government revenue

Contracts received from departments or agencies of the United States Government are not considered to be contributions, but rather revenue earned related to products delivered or services rendered. Revenue on cost plus fixed fee contracts is recognized over time based on costs incurred plus a proportionate amount of fee earned. Revenue on time and materials contracts is recognized over time based on hours incurred at contract billing rates plus materials and other direct costs incurred. Revenue on fixed-price contracts is recognized based on the extent of progress towards completion of the performance obligation. Based on the nature of the products and services provided in the contract, the Endowment uses judgment to determine if an input measure or output measure best depicts the transfer of control over time.

Rental income

Certain tenant leases contain rental abatement provisions and escalation clauses. The performance obligations are satisfied for this revenue over time, which is generally satisfied throughout the lease terms. Revenue is therefore, recognized straight-line over the lease period. Rental income is recognized in excess of the cash payments received in the initial years of the lease, resulting in the recognition of a rental abatement asset in the accompanying consolidated statements of financial position. The rental abatement asset will be reduced as cash payments received exceed rental income recognized.

Publications

Performance obligations are satisfied for this revenue stream at a point in time when the publication is delivered. Payment is due upon delivery.

Other revenues

Other revenues include conferences and others which are recognized when performance obligations are met. For conferences, performance obligations are satisfied at a point in time when the conferences occur. Each performance obligation is priced separately and payment terms and conditions vary.

Donated securities

The Endowment received donated securities in the amounts of $324,241 and $3,813,810 in the fiscal years ended June 30, 2023 and 2022, respectively. Donated securities are reported at fair value.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized in the consolidated statements of functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Program costs include the direct costs to conduct programmatic activities in fulfillment of the Endowment’s mission. Management and general costs include the Office of the President, Finance, Human Resources and other general costs such as insurance and legal. Fundraising costs include the Office of Development. Certain expenses, including interest, property management, depreciation and amortization, and real estate taxes have been allocated between program, management and general, and fundraising, based on the salaries directly attributable to those categories.

- Program Services: These expenses relate to Endowment's research programs including the Asia, Middle East, South Asia, Europe, Russia and Eurasia, Nuclear Policy, Technology and International Affairs, Democracy, Conflict and Governance, American Statecraft, Africa, Sustainability, Climate and Geopolitics, Global Order and Institutions, Carnegie California, IT and Communications programs.

- Management and General: These expenses relate to the day-to-day operation and consist of administrative, accounting and legal expenses of the Endowment.

- Fundraising: These expenses are associated with fundraising initiatives and activities.

Income taxes

The Endowment is exempt from federal income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been designated by the Internal Revenue Service as a publicly supported organization under Section 509(a)(1) of the Code. The Endowment engages in certain activities that produce unrelated business income, as defined by federal income tax regulations.

The Endowment files income tax returns in the U.S federal jurisdiction. In accordance with FASB ASC 740 *Income Taxes*, the Endowment recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon 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. With a few exceptions, The Endowment is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2020. Management has evaluated the Endowment's tax positions and has concluded that the Endowment has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Recent accounting pronouncements not yet adopted

In June 2016 the FASB issued Accounting Standard Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU eliminates the requirement that a credit loss on a financial instrument be "probable" prior to recognition. Instead, a valuation allowance will be recorded to reflect an entity's current estimate of all expected credit losses, based on both historical and forecasted information related to an instrument. This ASU should be adopted using a modified retrospective approach, which applies a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. A prospective approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date and loans and debt securities acquired with deteriorated credit quality. The amendments in the ASU are effective for annual reporting periods beginning after December 15, 2022. Early adoption of the ASU is permitted. The Endowment is evaluating the effect that adoption of this new standard will have on the Endowment's consolidated financial statements.

In March 2022, the FASB issued ASU 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* (Topic 820). The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. This amendment also requires the following disclosures for equity securities subject to contractual sale restrictions: (1) The fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet; (2) The nature and remaining duration of the restriction(s); and (3) The circumstances that could cause a lapse in the restriction(s). Early adoption is permitted, and the updates should be applied prospectively with any adjustments from the adoption of the amendments recognized in the change in net asset and disclosed on the date of adoption. For all non-public entities, this ASU is effective for fiscal years beginning after December 15, 2025. The Endowment is evaluating the effect that adoption of this new standard will have on the Endowment's consolidated financial statements.

2. Contributions Receivable

At June 30, 2023 and 2022, contributions receivable are expected to be received as follows:

	2023	2022
Less than one year	$ **16,191,976**	$ 18,364,547
One to five years	**7,359,120**	11,005,630
Contributions receivable	**23,551,096**	29,370,177
Less: discount to present value	**(1,285,032)**	(1,300,072)
Less: allowance for doubtful accounts	**(611,999)**	(98,435)
	$ **21,654,065**	$ 27,971,670

The Endowment applies the fair value guidance for discounting contributions receivable. Accordingly, contributions receivable are valued using rates on publicly traded debt for assets with similar maturities. The discount rate on contributions receivable was between 1.25% and 4.04% for the years ended June 30, 2023 and 2022.

3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Endowment reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- **Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Endowment has the ability to access.

- **Level 2** - Inputs to the valuation methodology include:

    - Quoted prices for similar assets or liabilities in active markets;
    - Quoted prices for identical or similar assets or liabilities in inactive markets;
    - Inputs other than quoted prices that are observable for the asset or liability;
    - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
    - If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- **Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, investment levels within the fair value hierarchy are based on the lowest level of input that is significant to the fair value measurement. The Endowment’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. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in these instruments.

The assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value.

The Endowment’s futures variation margin is classified as Level 1 in the fair value hierarchy, as all significant inputs to the fair value measurement are directly observable, such as the underlying interest rate assumptions.

The Endowment’s interest rate swap agreement is classified as Level 2 in the fair value hierarchy. The market value to settle the transaction reflects the projection of the future cash flows and discounting of the future amounts to a present value using market-based observable inputs, including interest rate curves, resulting in the Endowment’s classification of the valuation inputs as Level 2.

The following tables represent the Endowment's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

	Fair Value Hierarchy Level				
	Total	**Level 1**	**Level 2**	**Level 3**	**NAV ****
Investments:					
Fixed income securities:					
U.S. Government and agency obligations (AAA Rated)	$ 24,294,062	$ 24,294,062	$ -	$ -	$ -
India Government and agency obligations (AAA Rated)	3,726,287	3,726,287	-	-	-
Total fixed income securities	28,020,349	28,020,349	-	-	-
Fund of fund:					
Hedge fund multi-strategy	192,310,566	-	-	-	192,310,566
Private equity multi-strategy	213,575,745	-	-	-	213,575,745
Total fund of fund	405,886,311	-	-	-	405,886,311
Money market funds	13,638,357	13,638,357	-	-	-
Futures variation margin	311,500	311,500	-	-	-
Total investments	$ 447,856,517	$ 41,970,206	$ -	$ -	$ 405,886,311
Liabilities:					
Interest rate swap	$ 3,645,738	$ -	$ 3,645,738	$ -	$ -
Other*	1,169,376	1,169,376	-	-	-
Total fair value liabilities	$ 4,815,114	$ 1,169,376	$ 3,645,738	$ -	$ -

* Netted with investments on the consolidated statement of financial position.

**Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been categorized 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 accompanying consolidated statement of financial position.

The following tables represent the Endowment's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2022:

	Fair Value Hierarchy Level				
	Total	Level 1	Level 2	Level 3	NAV **
Investments:					
Fixed income securities:					
U.S. Government and agency obligations (AAA Rated)	$ 24,625,860	$ 24,625,860	$ -	$ -	$ -
India Government and agency obligations (AAA Rated)	3,597,315	3,597,315	-	-	-
Total fixed income securities	28,223,175	28,223,175	-	-	-
Fund of fund:					
Hedge fund multi-strategy	189,785,818	-	-	-	189,785,818
Private equity multi-strategy	210,442,598	-	-	-	210,442,598
Total fund of fund	400,228,416	-	-	-	400,228,416
Money market funds	13,927,229	13,927,229	-	-	-
Futures variation margin	215,393	215,393	-	-	-
Total investments	$ 442,594,213	$ 42,365,797	$ -	$ -	$ 400,228,416
Liabilities:					
Interest rate swap	$ 5,890,181	$ -	$ 5,890,181	$ -	$ -
Other*	1,545,366	1,545,366	-	-	-
Total fair value liabilities	$ 7,435,547	$ 1,545,366	$ 5,890,181	$ -	$ -

* Netted with investments on the consolidated statement of financial position.

**Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been categorized 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 accompanying consolidated statement of financial position.

In accordance with the guidance for fair value measurements, the Endowment maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value. In those cases, the Endowment estimates prices based on available historical and near-term future price information that reflects its market assumptions.

For contracts with unique characteristics, the Endowment estimates fair value using a discounted cash flow approach deemed appropriate in the circumstances and applied consistently from period to period.

The major categories of the Endowment's investments that are valued at net asset value, including general information related to each category, are as follows at June 30:

	2023			
Investments	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
Private equity multi-strategy (a)	**$ 213,575,745**	**$ 129,087,595**	**Annually - unavailable**	**180 days**
Hedge fund multi-strategy (b)	**192,310,566**	**-**	**Monthly - Quarterly**	**90 days - 100 days**
	$ 405,886,311	**$ 129,087,595**		

	2022			
Investments	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity multi-strategy (a)	$ 210,442,598	$ 94,510,722	Annually - unavailable	180 days
Hedge fund multi-strategy (b)	189,785,818	-	Monthly - Quarterly	90 days - 120 days
	$ 400,228,416	$ 94,510,722		

a) This category includes a combination of some or all of the other strategies. Managers may have the flexibility to invest across all asset classes and to change their allocations to various strategies and instruments as they see fit. Instruments include a broad range of private asset classes, including buyout, venture, and growth equity, and real assets, natural resources and others. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Investments representing approximately 98.07% of the value of the investments in this category have no redemptions as of June 30, 2023. Investments representing 1.93% of the value of the investments have annual redemptions with 180 days' notice as of June 30, 2023.

b) This category includes a combination of some or all of the other strategies. Managers may have the flexibility to invest and to change their allocations to various strategies and instruments as they see fit. Managers usually focus on private investment funds (also referred to as hedge funds). Multi-strategy funds may go long or short and typically use leverage to help diversify their allocations. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Investments representing approximately 55.55% of the value of the investments in this category have monthly redemptions with 100 days' notice as of June 30, 2023. The remaining investments in this category, approximately 44.45%, have quarterly redemptions with 90 days' notice as of June 30, 2023.

4. Liquidity and Availability

As of June 30, 2023 and 2022, financial assets and liquidity resources available within one year of the consolidated statements of financial position date for general expenditures, were as follows:

Years ended June 30,		**2023**		2022
Financial assets at year-end:				
Cash and cash equivalents	**$**	**18,235,264**	$	17,087,588
Accounts receivable		**608,823**		427,304
Current contributions receivable		**15,030,974**		17,718,911
Investments		**446,687,141**		441,048,847
Total financial assets		**480,562,202**		476,282,650
Adjustments for amounts not available for general expenditures within one year:				
Net assets with donor restrictions		**(440,918,624)**		(442,507,650)
Annual appropriation from Andrew Carnegie's endowment available for spending		**16,779,938**		15,691,607
Availability of assets within one year	**$**	**56,423,516**	$	49,466,607

As part of the Endowment's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Endowment has access to a $10,000,000 revolving line-of-credit. The Endowment also maintains a $33,621,672 letter-of-credit to secure the bonds and it is available to withdraw in the event there is an unanticipated call on the bonds. There were no draws on the revolving line-of-credit and letter-of-credit as of June 30, 2023 and 2022. Additionally, the Endowment has accumulated earnings of $321,736,842 and $1,571,920 from the Andrew Carnegie's original founding gift and from other donor endowments, respectively, that could be appropriated from and used as long as this use is in accordance with the Endowment's charitable mission, and other donor endowment restrictions, and the standard of prudence prescribed by NYUPMIFA (see Note 15). The Endowment does not intend to spend beyond the annual board appropriation from these funds, although these amounts could be made available if necessary.

5. Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Building	$ 27,456,693	$ 25,514,065
Building – space leased out to tenants (Note 11)	8,388,702	9,000,777
Furniture and equipment	6,016,688	5,892,602
Land	6,374,592	6,374,592
Construction-in-progress	-	769,819
Total property and equipment	48,236,675	47,551,855
Less: accumulated depreciation	(15,711,831)	(14,444,656)
Property and equipment, net	$ 32,524,844	$ 33,107,199

Depreciation and amortization expense on property and equipment totaled $1,273,629 and $800,138 for the years ended June 30, 2023 and 2022, respectively.

6. Note Payable

The Endowment entered into a five-year promissory note, effective December 7, 2018, with Wells Fargo Bank in the amount of $2,353,825 that bears a fixed interest rate of 3.7%. The Endowment makes monthly payments of principal and interest, with all outstanding principal amounts being due upon maturity on December 1, 2023.

Legal, accounting, consulting, and other expenses associated with the note payable are being amortized over the term of the note. Amortization expense totaled $12,335 annually for the years ended June 30, 2023 and 2022, respectively. Accumulated amortization at June 30, 2023 and 2022, totaled $56,330 and $43,995 respectively. Note payable is presented net of unamortized issuance costs of $5,170 and $17,505 on the consolidated statement of financial position as of June 30, 2023 and 2022, respectively.

Interest expense relating to the Wells Fargo promissory note totaled $18,067 and $36,138 for the years ended June 30, 2023 and 2022, respectively. The Endowment is in compliance with the financial and non-financial covenants related to this note payable.

Future minimum principal payments on this promissory note at June 30, 2023, are as follows:

Year ending June 30,	
2024	$ 256,201
Less: Unamortized debt issuance costs	(5,170)
Total	$ 251,031

7. Bonds Payable

On May 10, 2006, the District of Columbia issued $33,250,000 of variable District of Columbia Revenue Bonds (Carnegie Endowment for International Peace Issue) due on November 1, 2045. The 2006 bonds were issued by the District of Columbia and loaned to the Endowment, to provide funds to redeem the 1996 bonds. The 2006 bonds bear interest at a weekly auction rate and have an original interest rate of 3.55%. Due to changing market conditions, effective April 22, 2008, the Endowment converted its 2006 bonds from auction rate securities to variable demand notes in a weekly rate mode. The Endowment cancelled the underlying insurance on the auction rate securities and obtained a letter-of-credit to support the variable demand notes. The unamortized insurance premium was expensed. Legal, accounting, consulting, printing costs, and other expenses associated with the 2006 issuance and 2008 conversion amounted to $1,320,258 and are being amortized over the term of the bonds. Amortization expense totaled $23,285 annually for the years ended June 30, 2023 and 2022, respectively, and accumulated amortization at June 30, 2023 and 2022, totaled $799,620 and $776,335, respectively.

The bonds are secured with a letter-of-credit, and collateralized by all income, earnings, and cash proceeds of the Endowment. The total of the letter-of-credit is $33,621,672 which is available to draw upon. The letter-of-credit agreement was amended on March 9, 2022 to extend the term to April 15, 2025 and expenses associated with such amendment of $47,226 are being amortized over three years. Amortization expense totaled $15,213 and $4,752 for the years ended June 30, 2023 and 2022, respectively, and accumulated amortization at June 30, 2023 and 2022, totaled $19,965 and $4,752, respectively. There is no outstanding balance as it relates to the letter-of-credit at June 30, 2023 and 2022.

Bonds payable are presented net of unamortized bond issuance and letter-of-credit amendment costs of $547,899 and $586,397 on the consolidated statements of financial position as of June 30, 2023 and 2022, respectively.

Future minimum principal payments on the bonds at June 30, 2023, are as follows:

Years ending June 30,		
2024	$	-
2025		-
2026		-
2027		1,125,000
2028		1,150,000
Thereafter		30,975,000
Less: Unamortized debt issuance costs		(547,899)
Total	$	32,702,101

Interest expense related to the variable rate demand bonds totaled $1,015,773 and $247,324 for the years ended June 30, 2023 and 2022, respectively. As described in Note 8, the Endowment executed an interest rate swap agreement related to the bonds. The rate in effect at June 30, 2023 and 2022 was 3.75%. The Endowment was in compliance with the financial and non-financial covenants related to the bonds.

8. Interest Rate Swap Agreement

The Endowment exercised the 1996 bonds optional redemption on May 15, 2006, and issued variable bonds on May 10, 2006, to fund the redemption (see Note 7). On March 22, 2005, the Endowment entered into a forward interest rate swap agreement with Morgan Stanley Capital Services, Inc. (Morgan Stanley), effective May 15, 2006, to reduce the impact of changes in interest rates on its contemplated issue of floating rate bonds in May 2006. On July 7, 2005, and then again on May 2, 2006, the Endowment amended the interest rate swap agreement. Under the amended agreement, the notional principal amount is $33,250,000, the fixed rate is 3.75%, and the agreement expires on November 1, 2045. The agreement effectively changes the Endowment's interest rate swap exposure on the issuance of its floating rate bonds in May 2006 to a fixed 3.75%. The Endowment is exposed to credit loss in the event of non-performance by Morgan Stanley to the interest rate swap agreement. However, the Endowment does not anticipate non-performance by the counter party.

During the year ended June 30, 2023, the Endowment paid $1,247,523 on the swap and received $1,025,045 from Morgan Stanley on the swap, with the net of $222,478 included in the 2006 bond interest expense. During the year ended June 30, 2022, the Endowment paid $1,247,207 on the swap and received $190,588 from Morgan Stanley on the swap, with the net of $1,056,619 included in the 2006 bond interest expense.

9. Revolving Line-Of-Credit

On March 9, 2022, the Endowment entered into an agreement for a $10,000,000 revolving line of credit maturing on March 9, 2023. On March 9, 2023, the agreement was amended to extend the maturity date to March 9, 2024. The interest rate on amount borrowed is calculated at daily simple secured overnight financing rate plus margin of 0.6% per annum. There was no balance outstanding on the line-of-credit as of June 30, 2023 and 2022.

10. Lease Commitments

The Endowment assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the Endowment's right to control the use of an identified asset for a period of time in exchange for consideration. The Endowment has operating leases for office space for its global centers for which a right-of-use asset and a lease liability are recorded in the accompanying consolidated statements of financial position in accordance with ASU 2016-02, *Leases*. The Endowment measures its lease assets and liabilities using a risk-free rate of return selected based on the term of the lease.

The Endowment considered the likelihood of exercising renewal or termination terms in measuring the right-of-use assets and lease liabilities. The Endowment has included renewal periods in its assessment of lease terms when provided. The Endowment's lease payments include both fixed and variable payments. Variable payments are based on indices specified in the leases. The variable lease payments for June 30, 2023 and 2022 are $1,769 and $1,699, respectively. The leases do not contain residual value guarantees.

The Endowment has recorded the right of use of asset balance of $1,291,463 and $1,052,515 in the accompanying consolidated statements of financial position as of June 30, 2023 and 2022, respectively, for the following operating leases for its global centers' office space:

a) Office space for its operations in Beirut. The Endowment was renting 687 square meters for the first six months of fiscal year 2023 but reduced the rented space to 516 square meters in January 2023 through an amendment to the leasing arrangement. The lease expires on December 31, 2024 and does not include an option for renewal. Rental payments under the lease are $111,350 per year.

b) Office space for its operations in Brussels. The Endowment is renting 574 square meters under this arrangement. The lease is non-cancelable and expires on May 1, 2028. Rental payments under the lease are 81,625 Euros (approximately $89,905) per year, adjusted annually for cost-of-living adjustment recorded in the year it occurs. The lease does not include an option to renew.

c) Office space for its operations in New Delhi. The Endowment is renting 4,118 square feet under this arrangement. The lease expires on July 31, 2024. Rental payments under the lease are 6,900,000 Indian Rupees (approximately $83,992) per year. The lease has an option to renew for an additional three years and the Endowment intends to exercise this option.

   Effective January 1, 2023, the Endowment rented additional office space of 2,095 square feet under this arrangement for its operations in New Delhi. The lease for this additional space expires on December 31, 2025. Rental payments under the lease are 3,300,000 Indian Rupees (approximately $40,117) per year. The lease has an option to renew for an additional three years and the Endowment intends to exercise this option.

The Endowment has elected the practical expedient to forgo applying the recognition requirements in ASC 842 to short-term leases. The Endowment has short-term leases for equipment which are expensed as paid. The Endowment does not have any finance leases. The short-term lease costs for June 30, 2023 and 2022 are $24,021 and $22,861, respectively.

The Endowment's office spaces typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. The Endowment has elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed or variable based on an index or rate. Non-lease components that are not fixed are expenses as incurred as variable lease payments.

The maturity of the lease liability under the Endowment's operating leases as of June 30, 2023 is as follows:

Years ending June 30,		
2024	$	345,403
2025		309,859
2026		265,431
2027		269,006
2028		147,336
Thereafter		27,412
		1,364,447
Less: Effects of discounting		(41,930)
Lease liabilities recognized	$	1,322,517

Supplemental quantitative information related to operating leases for the year ended June 30:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities - operating cashflows	**$ 322,553**	$ 317,084
Weighted-average remaining lease term	**4.34 years**	4.08 years
Weighted-average discount rate	**1.27%**	0.64%

Rent expense under these operating leases for the years ended June 30, 2023 and 2022, totaled $448,911 and $437,546, respectively.

11. Leasing Arrangements as Lessor

The Endowment receives rental income from leasing approximately 24,000 square feet of space to five tenants in its headquarters building in Washington, D.C (See Note 5). The tenants pay the Endowment a base rent plus a percentage of the operating costs of the building. Individual tenants' square footage leased ranges from 1,732 square feet up to 11,588 square feet. The building's financing and zoning limits use to certain types of institutions and professional offices. Lease terms of the tenants are typically one to ten years, with current lease terms of individual tenants up for renewal varying through June 30, 2028. There is no option for a lessee to purchase the rental space in the lease agreement. Rental income under these leases was $1,239,388 and $1,252,346 for the years ended June 30, 2023 and 2022, respectively.

Future minimum rental payments to be received at June 30, 2023, are as follows:

Years ending June 30,	
2024	$ 632,182
2025	273,651
2026	69,867
2027	60,212
2028	60,212
	$ 1,096,124

12. Retirement Plan

The Endowment has a defined contribution pension plan (the Plan) for all qualified employees. The Endowment contributes 15% of each covered employee's salary, up to statutory limits, to the Plan. Employees may contribute to the Plan at their option. Contributions to the Plan are fully vested to the employee upon payment to the Plan. Each participant in the Plan will receive, on the stipulated retirement or termination date, an annuity for the value of the account. Pension costs amounted to $2,015,227 and $1,625,915 for the years ended June 30, 2023 and 2022, respectively.

13. Related Party Transactions

During the years ended June 30, 2023 and 2022, trustees of the Endowment gave contributions of $11,069,240 and $12,293,911, respectively, to support the Endowment’s operations.

14. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2023 and 2022:

	June 30, 2023			
	Beginning Balance	Additions, net of investment return	Released from Restrictions	Ending Balance
Subject to expenditure for specific purposes and time:				
Global Vision	$ 15,140,806	$ 525,664	$ (1,280,014)	$ 14,386,456
Asia Program	8,703,757	3,014,197	(2,370,728)	9,347,226
Junior Fellow Chair	7,036,415	357,589	(338,861)	7,055,143
Middle East Program	3,860,402	5,184,034	(2,558,291)	6,486,145
Democracy, Conflict, and Governance Program	4,534,346	1,045,714	(1,104,149)	4,475,911
Russia Eurasia Program	7,550,192	1,970,366	(1,079,603)	8,440,955
South Asia Program	3,682,891	3,083,641	(1,848,343)	4,918,189
Cyber Policy Initiative	2,319,163	200,000	(1,200,991)	1,318,172
Nuclear Policy Program	7,835,218	1,394,567	(1,551,366)	7,678,419
American Statecraft Program	1,100,212	2,328,022	(1,908,347)	1,519,887
Europe Program	5,403,635	766,233	(2,140,036)	4,029,832
Visiting Distinguished Statesman John Kerry Program	600,631	-	(197,198)	403,433
Technology & International Affairs Program	1,940,975	3,516,154	(2,101,370)	3,355,759
US Program	13,625,765	2,408,120	(1,730,822)	14,303,063
Sustainability, Climate, and Geopolitics Program	-	1,200,050	(40,094)	1,159,956
Global Order and Institutions Program	-	250,000	-	250,000
Africa Program	-	2,062,991	(44,633)	2,018,358
Time Restrictions	10,237,741	449,369	(5,583,334)	5,103,776
	93,572,149	29,756,711	(27,078,180)	96,250,680
Endowments:				
Subject to the Foundation's endowment spending policy:				
Original Endowment Funds	$ 336,639,437	$ 10,789,012	$ (15,691,607)	$ 331,736,842
South Asia Program	4,701,312	173,771	(162,862)	4,712,221
Junior Fellow Chair	3,025,835	105,127	(117,267)	3,013,695
Middle East Program	2,116,304	90,088	(72,183)	2,134,209
Global Vision	2,452,613	342,782	(124,418)	2,670,977
Sustainability, Climate, and Geopolitics Program	-	400,000	-	400,000
	348,935,501	11,900,780	(16,168,337)	344,667,944
	$ 442,507,650	$ 41,657,491	$ (43,246,517)	$ 440,918,624

	June 30, 2022			
	Beginning Balance	Additions, net of investment return/(loss)	Released from Restrictions	Ending Balance
Subject to expenditure for specific purposes and time:				
Global Vision	$ 17,643,837	$ (1,623,776)	$ (879,255)	$ 15,140,806
Asia Program	8,029,057	2,664,708	(1,990,008)	8,703,757
Junior Fellow Chair	8,101,834	(790,351)	(275,068)	7,036,415
Middle East Program	4,253,121	2,001,022	(2,393,741)	3,860,402
Democracy, Conflict, and Governance Program	3,642,736	2,161,992	(1,270,382)	4,534,346
Russia Eurasia Program	8,162,508	956,432	(1,568,748)	7,550,192
South Asia Program	3,443,139	1,659,588	(1,419,836)	3,682,891
Cyber Policy Initiative	3,587,952	8,844	(1,277,633)	2,319,163
Nuclear Policy Program	6,682,580	2,461,274	(1,308,636)	7,835,218
American Statecraft Program	1,756,434	1,034,732	(1,690,954)	1,100,212
Europe Program	4,813,756	2,261,277	(1,671,398)	5,403,635
Visiting Distinguished Statesman John Kerry Program	793,393	51,850	(244,612)	600,631
Technology & International Affairs Program	2,194,731	896,941	(1,150,697)	1,940,975
US Program	6,314,587	7,717,862	(406,684)	13,625,765
Time Restrictions	11,913,410	2,515,664	(4,191,333)	10,237,741
	91,333,075	23,978,059	(21,738,985)	93,572,149
Endowments:				
Subject to the Foundation's endowment spending policy:				
Original Endowment Funds	$ 357,410,275	$ (6,260,520)	$ (14,510,318)	$ 336,639,437
South Asia Program	4,999,906	(84,444)	(214,150)	4,701,312
Junior Fellow Chair	3,426,486	(283,790)	(116,861)	3,025,835
Middle East Program	2,351,909	(216,604)	(19,001)	2,116,304
Global Vision	2,644,256	(73,757)	(117,886)	2,452,613
	370,832,832	(6,919,115)	(14,978,216)	348,935,501
	$ 462,165,907	$ 17,058,944	$ (36,717,201)	$ 442,507,650

15. Endowments

The Endowment is subject to the enacted New York version of the Uniform Prudent Management of Institutional Funds Act (NYUPMIFA or the Act). The Act defines an endowment as an established fund of cash, securities, or other assets to provide income for the maintenance of a nonprofit organization. Management has interpreted the NYUPMIFA 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, the Endowment classifies as with donor restriction net assets (a) the original value of permanent endowment contributions and (b) the discounted value of future permanent endowment contributions, net of allowance for uncollectible pledges.

The Endowment maintains a $10 million permanently endowed fund, consisting of the original sums received from Andrew Carnegie and accumulated income thereon. The terms of the gift instrument stipulated that the principal may never be expended; however, the income is expendable. The Endowment reports the original sums received from Andrew Carnegie and accumulated income on this gift as net assets with donor restrictions until appropriated for use.

The endowment consists of a number of funds established for a variety of purposes and includes investments pooled for endowment.

Interpretation of relevant law

The Board of Trustees has interpreted NYUPMIFA as requiring with donor restricted net assets to include in perpetuity the original value of the gifts donated and additions made to the permanent endowment in accordance with the donor gift instrument. Donor restricted amounts not retained in perpetuity remain in the donor restricted net assets until those amounts are appropriated for expenditure by the Endowment in a manner consistent with the donor gift instruments and the standard of prudence prescribed by NYUPMIFA. In accordance with NYUPMIFA, the Endowment considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Endowment and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Endowment
- The investment policies of the Endowment

Return objectives and risk parameters

The Endowment adopted an investment policy and a spending rate policy designed to provide a relatively predictable and growing stream of revenues to the operating budget. The Endowment follows an investment policy that attempts to maximize annualized returns, net of costs, over rolling ten-year periods, while adhering to the Endowment's risk parameters.

Strategies employed for achieving objectives

To achieve its long-term investment objective, the Endowment 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). The Endowment targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objective within prudent risk constraints.

Underwater endowment

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required by donors. The Endowment has interpreted NYUPMIFA to permit spending from underwater endowments in accordance with the prudent measures required under law. As of June 30, 2023 and 2022, the Endowment did not have any underwater funds.

Spending policy and how the investment objectives relate to spending policy

The investment income allocation from the Endowment for operating expenditures has two components: 70% of the previous year's appropriation increased by an inflation factor, and 30% of the average market value of the portfolio for the 90-day period preceding the end of the fiscal year from two years prior, multiplied by 5%.

Endowment funds are recorded in with donor restrictions and consist of the following:

As of June 30,	**2023**	2022
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donors:		
Andrew Carnegie's original endowment	**$ 10,000,000**	$ 10,000,000
Other donor endowments	**11,359,182**	10,801,524
	21,359,182	20,801,524
Accumulated investment gains	**323,308,762**	328,133,977
Total endowment funds	**$ 344,667,944**	$ 348,935,501

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

Endowment net assets, June 30, 2021	$ 370,832,832
Investment loss, net	(7,115,296)
Contributions	196,181
Amounts appropriated for expenditure	(14,978,216)
Endowment net assets, June 30, 2022	348,935,501
Investment return, net	**11,236,253**
Contributions	**664,527**
Amounts appropriated for expenditure	**(16,168,337)**
Endowment net assets, June 30, 2023	**$ 344,667,944**

Income earned on investments of permanent endowments is reported in the accompanying consolidated statement of activities and change in net assets as increases in with donor restricted net assets.

16. Subsequent Events

Subsequent events have been evaluated by management through October 16, 2023, the date the consolidated financial statements were available to be issued. There were no events noted that required adjustment or to disclosure in these consolidated financial statements.