Conservation International Foundation and Affiliates

Consolidated Financial Report
June 30, 2020

Contents

Independent Auditor's Report

Board of Directors
Conservation International Foundation

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Conservation International Foundation and Affiliates (CI), which comprise the consolidated balance sheets as of June 30, 2020 and 2019, 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).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservation International Foundation and Affiliates as of June 30, 2020 and 2019, 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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2021, 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 11, 2021

Conservation International Foundation and Affiliates

Consolidated Balance Sheets
June 30, 2020 and 2019
(In Thousands)

		2020		2019
Assets				
Cash and cash equivalents	**$**	**101,969**	$	66,616
Investments		**246,818**		264,732
Grants and promises to give, net		**39,670**		28,710
Grant advances		**5,723**		5,533
Project advances to partners		**4,867**		5,269
Prepaid expenses and other assets		**3,862**		4,660
Notes receivable		**2,760**		1,100
Property and equipment, net		**5,828**		6,614
Total assets	**$**	**411,497**	$	383,234
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	**$**	**7,044**	$	8,866
Accrued salaries, vacation and employee benefits		**9,750**		10,453
Notes payable		**328**		547
Grants payable		**1,340**		2,059
Deferred revenue and refundable advance		**70,909**		46,040
Total liabilities		**89,371**		67,965
Commitments and contingencies (Notes 4, 15, and 16)				
Net assets:				
Without donor restrictions		**18,139**		17,724
With donor restrictions		**303,987**		297,545
Total net assets		**322,126**		315,269
Total liabilities and net assets	**$**	**411,497**	$	383,234

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statements of Activities
Years Ended June 30, 2020 and 2019
(In Thousands)

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Grants and Contributions:						
Foundations	**$ 7,034**	**$ 49,539**	**$ 56,573**	$ 6,817	$ 37,384	$ 44,201
Public funding	**82**	**36,590**	**36,672**	-	32,586	32,586
Corporations	**2,310**	**33,999**	**36,309**	1,756	9,151	10,907
Individuals	**4,048**	**8,377**	**12,425**	4,789	29,850	34,639
Other	**60**	**1,256**	**1,316**	99	2,694	2,793
Cancellations and de-obligations	**-**	**(4,250)**	**(4,250)**	-	-	-
Contract revenue	**9,991**	**-**	**9,991**	9,067	-	9,067
Other revenue	**502**	**3,709**	**4,211**	2,198	676	2,874
Investment income, net	**162**	**9,190**	**9,352**	736	13,424	14,160
Net assets released from donor restrictions	**129,763**	**(129,763)**	**-**	127,675	(127,675)	-
Total support and revenue	**153,952**	**8,647**	**162,599**	153,137	(1,910)	151,227
Expenses:						
Program services:						
Field Programs	**70,270**	**-**	**70,270**	69,791	-	69,791
Grantmaking Divisions	**31,985**	**-**	**31,985**	29,456	-	29,456
Moore Center for Science	**7,808**	**-**	**7,808**	8,548	-	8,548
Policy and Strategy	**7,689**	**-**	**7,689**	6,185	-	6,185
Center for Environmental Leadership in Business	**5,140**	**-**	**5,140**	4,254	-	4,254
Communications	**4,521**	**-**	**4,521**	5,498	-	5,498
Center for Communities and Conservation	**3,303**	**-**	**3,303**	3,489	-	3,489
Total program services	**130,716**	**-**	**130,716**	127,221	-	127,221
Supporting services:						
Management and operations	**10,816**	**-**	**10,816**	11,509	-	11,509
Fundraising	**12,005**	**-**	**12,005**	14,034	-	14,034
Total supporting services	**22,821**	**-**	**22,821**	25,543	-	25,543
Total expenses	**153,537**	**-**	**153,537**	152,764	-	152,764
Changes in net assets before other income and losses	**415**	**8,647**	**9,062**	373	(1,910)	(1,537)
Other income and losses:						
Loss on translation of affiliate and field office net assets	**-**	**(2,203)**	**(2,203)**	-	(288)	(288)
Loss on translation of grants and pledges receivable	**-**	**(2)**	**(2)**	-	(42)	(42)
Changes in net assets	**415**	**6,442**	**6,857**	373	(2,240)	(1,867)
Net assets:						
Beginning	**17,724**	**297,545**	**315,269**	17,351	299,785	317,136
Ending	**$ 18,139**	**$ 303,987**	**$ 322,126**	$ 17,724	$ 297,545	$ 315,269

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2020
(In Thousands)

	Field Programs	Grantmaking Divisions	Moore Center for Science	Policy and Strategy	Center for Environmental Leadership in Business	Communications	Center for Communities and Conservation	Management and Operations	Fundraising	Total
Salaries and benefits	$ 34,528	$ 7,707	$ 5,639	$ 4,615	$ 3,786	$ 2,902	$ 2,385	$ 8,639	$ 8,667	$ 78,868
External grants	13,479	20,989	375	454	127	10	149	-	-	35,583
Professional services	9,352	1,709	369	1,354	470	1,050	169	883	1,460	16,816
Travel, meetings and events	5,983	518	417	689	280	103	256	469	615	9,330
Occupancy	3,000	679	524	342	311	326	244	179	631	6,236
Equipment and furniture	3,098	102	219	71	33	37	30	201	106	3,897
Depreciation	319	132	120	69	53	57	50	134	114	1,048
Other expenses	511	149	145	95	80	36	20	311	412	1,759
	$ 70,270	$ 31,985	$ 7,808	$ 7,689	$ 5,140	$ 4,521	$ 3,303	$ 10,816	$ 12,005	$ 153,537

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2019
(In Thousands)

	Field Programs	Grantmaking Divisions	Moore Center for Science	Policy and Strategy	Center for Environmental Leadership in Business	Communications	Center for Communities and Conservation	Management and Operations	Fundraising	Total
Salaries and benefits	$ 35,281	$ 7,369	$ 5,576	$ 3,787	$ 3,191	$ 2,867	$ 2,351	$ 8,294	$ 8,810	$ 77,526
External grants	8,825	19,090	500	15	15	64	62	-	-	28,571
Professional services	9,094	1,345	756	1,205	220	1,816	191	1,114	1,983	17,724
Travel, meetings and events	8,622	680	734	720	374	248	549	858	2,133	14,918
Occupancy	3,207	649	539	266	293	356	248	230	652	6,440
Equipment and furniture	3,123	68	242	56	36	50	21	173	91	3,860
Depreciation	634	108	118	54	56	51	42	118	89	1,270
Other expenses	1,005	147	83	82	69	46	25	722	276	2,455
	$ 69,791	$ 29,456	$ 8,548	$ 6,185	$ 4,254	$ 5,498	$ 3,489	$ 11,509	$ 14,034	$ 152,764

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(In Thousands)

	2020	2019
Cash flows from operating activities:		
Changes in net assets	$ 6,857	$ (1,867)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,048	1,270
Loss on disposal of property and equipment	-	490
Net realized and unrealized gain on investments	(5,124)	(9,616)
Net realized and unrealized loss on other assets	301	5
Net loss on translation of foreign denominated grants and promises to give receivable	2	42
Increase (decrease) in allowance for doubtful grants and promises to give	1,046	(180)
Decrease in discount to present value for grants and promises to give	(221)	(201)
Cancellations and de-obligations	4,250	-
Changes in assets and liabilities:		
Decrease (increase) in:		
Grants and promises to give	(16,037)	7,067
Project advances to partners	402	60
Grant advances	(190)	(2,325)
Prepaid expenses and other assets	798	(1,016)
(Decrease) increase in:		
Accounts payable and accrued expenses	(1,822)	3,370
Accrued salaries, vacation and employee benefits	(703)	1,344
Grants payable	(719)	(2,594)
Deferred revenue and refundable advance	24,869	10,221
Net cash provided by operating activities	14,757	6,070
Cash flows from investing activities:		
Proceeds from sales of investments	111,680	79,451
Purchases of investments	(88,943)	(83,425)
Purchases of property and equipment	(262)	(5,656)
Sale of land	-	1,653
Collections on notes receivable	300	120
Disbursements on notes receivable	(1,960)	(920)
Net cash provided by (used in) investing activities	20,815	(8,777)
Cash flows from financing activities:		
Principal payments on notes payable	(219)	(219)
Net cash used in financing activities	(219)	(219)
Net increase (decrease) in cash and cash equivalents	35,353	(2,926)
Cash and cash equivalents:		
Beginning	66,616	69,542
Ending	$ 101,969	$ 66,616
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 6	$ 12

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 ensure a healthy and productive planet for us all. People need nature for many things: a stable climate, clean air, fresh water, abundant food, cultural resources and much more. Yet unsustainable economic and infrastructure 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 smarter development path.

CI focuses its efforts on four areas:

Combating climate change by protecting nature: CI works to reverse the destruction of tropical forests, which represents one-third of the global action needed to avoid the worst climate scenarios.

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

Protecting our oceans at scale: CI works to protect the ocean on an unprecedented global scale while balancing ocean production. Its goal is to double the area of protected ocean by 2025.

Innovating science and finance to accelerate conservation: CI works to create and apply science-based evidence and solutions to conservation policies and works to unlock greater investment in nature.

By promoting healthy, sustainable societies, CI helps improve quality of life for people – especially vulnerable populations who are often directly reliant on nature for their survival.

Affiliates: The accompanying consolidated financial statements include the operations of CI-Brazil, CI-Europe in Belgium, CI-Guyana, Cl-Hong Kong, CI-Japan, CI-Mexico, CI-New Zealand, CI-Philippines, CI-Singapore, CI-Suriname, CI-UK and Conservation South Africa. All of 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, and 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 impact. Accordingly, all financial activities of CI Ventures have been consolidated with CI.

Note 2. Significant Accounting Policies

A summary of CI's significant accounting policies follows:

Basis of accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

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

Adopted accounting pronouncement: In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08*, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The purpose of the ASU is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in the ASU should assist entities in: 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. The amendments in the ASU should be applied on a modified prospective basis, although retrospective application is permitted. The ASU has different effective dates for resource recipients and resource providers. Where CI is the resource recipient, the ASU was adopted for the fiscal year ending June 30, 2020, and the presentation of the statements has been updated accordingly. The ASU was applied on a modified prospective basis, which shifted the revenue recognition for grants from being treated under the exchange transaction to the contribution accounting model in the fiscal year ending June 30, 2020, and no cumulative-effect adjustment was made to the opening balance of net assets as a result of the adoption.

Basis of presentation: The consolidated financial statements have been prepared in accordance with the provisions of the FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, which stipulated that net assets, support and revenue are classified into two categories according to donor-imposed restrictions: net assets without donor-imposed restrictions and net assets with donor-imposed 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 statement of activities as net assets released from donor restrictions.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2. Significant Accounting Policies (Continued)

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.

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 sheet 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, 2020 and 2019, assets held in foreign countries totaled $17,848,000 and $19,752,000, respectively. The consolidated statements of activities include support and revenue of $16,626,000 and $11,715,000 from foreign country programs for the years ended June 30, 2020 and 2019, 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 $9,073,000 and $16,097,000 of cash and cash equivalents on hand and at financial institutions in foreign countries at June 30, 2020 and 2019, 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 pledged, based upon anticipated payment dates. CI has established an allowance for uncollectible pledges in the amount of $1,508,000 and $462,000 at June 30, 2020 and 2019, respectively. This allowance is mainly based on potential de-obligations of existing restricted pledges. 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 $1,204,000 and $1,153,000 for the years ended June 30, 2020 and 2019, respectively.

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. 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, 2020 or 2019.

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: CI records grant payments received in advance of satisfying the donor-imposed conditions as deferred revenue.

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. Generally, CI is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2017.

Note 2. Significant Accounting Policies (Continued)

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.

Reclassification: Certain items within the consolidated statement of activities for the year ended June 30, 2019 have been reclassified to conform to the financial statement presentation for the year ended June 30, 2020. The reclassifications had no effect on the previously reported change in net assets or net assets.

Recent accounting pronouncements: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. This ASU will be effective for CI for the fiscal year ending June 30, 2021. Management is currently evaluating the effect that the standard will have on its consolidated financial statements.

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 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 its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08*, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Where CI is a resource provider, the ASU will be effective for the fiscal year ending June 30, 2021. Early adoption is permitted. CI is currently evaluating the impact of the pending adoption of this new standard on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU results in the removal, modification and addition of certain disclosure requirements related to transfers between levels within the fair value hierarchy, valuation processes and unrealized gains/losses presentation for Level 3 measurements, and liquidation timing for investments held at net asset value. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied except for the changes related to Level 3 measurements, which should be applied prospectively. ASU No. 2018-13 will be effective for CI for the fiscal year ending June 30, 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Subsequent events: CI evaluated subsequent events through January 11, 2021, which is the date the consolidated financial statements were available to be issued.

Note 3. Liquidity

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, 2020 and 2019, the following financial assets are available to meet annual operating needs for the upcoming fiscal year (in thousands):

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	$ 101,969	$ 66,616
Investments	246,818	264,732
Grants and promises to give, net	39,670	28,710
Project advances to partners	4,867	5,269
Notes receivable	2,760	1,100
Total financial assets available	396,084	366,427
Less amounts not available to be used within one year:		
Investments related to board-designated endowment	12,278	12,708
Grants and promises to give due after one year	10,983	6,015
Project advances to partners due after one year	4,867	5,269
Notes receivable due after one year	2,210	300
Deferred revenue to be recognized after one year	28,227	11,451
Time and purpose restricted net assets released after one year	206,633	204,067
Perpetual restricted net assets	13,318	13,318
Total amounts not available to be used within one year	278,516	253,128
Financial assets available to meet general expenditures within one year	$ 117,568	$ 113,299

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 $12,278,000 and $12,708,000 as of June 30, 2020 and 2019, 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 4 for disclosures about investments).

Note 4. Investments and Fair Value Measurements

Investment income for the years ended June 30, 2020 and 2019, consists of the following (in thousands):

	2020	2019
Realized and unrealized gain, net	$ 5,124	$ 9,616
Interest and dividends	5,072	5,434
Investment management fees	(844)	(890)
	$ 9,352	$ 14,160

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, 2020 and 2019.

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 4. 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, 2020 (in thousands):

	2020			
Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	$ 50,984	$ -	$ -	$ 50,984
Investments:				
Common stocks:				
Consumer goods	$ 6,647	$ -	$ -	$ 6,647
Industrial goods	4,421	-	-	4,421
Financial services	3,993	-	-	3,993
Technology	757	-	-	757
Services	653	-	-	653
Basic materials	351	-	-	351
Healthcare	278	-	-	278
Real estate	58	-	-	58
Total common stocks	17,158	-	-	17,158
Mutual funds:				
Multi-sector equity funds	35,985	-	-	35,985
Multi-sector bond funds	114	-	-	114
Total mutual funds	36,099	-	-	36,099
Fixed income:				
Corporate bonds	-	49,880	-	49,880
U.S. government bonds	-	29,560	-	29,560
Municipal bonds	-	14,690	-	14,690
Total fixed income	-	94,130	-	94,130
Other assets:				
Money market funds	19,491	-	-	19,491
Gold exchange traded fund	1,506	-	-	1,506
Total other assets	20,997	-	-	20,997
Total publicly traded securities	74,254	94,130	-	168,384
Other investments measured at net asset value (a)	-	-	-	78,434
	$ 74,254	$ 94,130	$ -	$ 246,818

Note 4. 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, 2019 (in thousands):

	2019			
Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	$ 9,495	$ -	$ -	$ 9,495
Investments:				
Common stocks:				
Consumer goods	$ 19,388	-	-	$ 19,388
Industrial goods	6,131	-	-	6,131
Financial services	5,990	-	-	5,990
Services	1,465	-	-	1,465
Technology	891	-	-	891
Healthcare	548	-	-	548
Basic materials	141	-	-	141
Real estate	55	-	-	55
Total common stocks	34,609	-	-	34,609
Mutual funds:				
Multi-sector equity funds	27,581	-	-	27,581
Multi-sector bond funds	81	-	-	81
Total mutual funds	27,662	-	-	27,662
Fixed income:				
Corporate bonds	-	54,060	-	54,060
U.S. government bonds	-	43,317	-	43,317
Municipal bonds	-	13,996	-	13,996
Total fixed income	-	111,373	-	111,373
Other assets:				
Money market funds	7,872	-	-	7,872
Gold exchange traded fund	1,199	-	-	1,199
Total other assets	9,071	-	-	9,071
Total publicly traded securities	71,342	111,373	-	182,715
Other investments measured at net asset value (a)	-	-	-	82,017
	$ 71,342	$ 111,373	$ -	$ 264,732

(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.

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, 2020 and 2019.

Note 4. Investments and Fair Value Measurements (Continued)

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

Investment Strategy	Fair Value at June 30, 2020	Fair Value at June 30, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity (a)	$ 77,350	$ 78,082	$ 16,713	Semi-monthly annually	5-90 days
Fixed income (b)	1,084	3,935	-	N/A	N/A
	$ 78,434	$ 82,017	$ 16,713		

(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, 2020, about 60% 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, 2020, cannot be liquidated in advance of their natural termination.

Note 5. 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 are due as follows (in thousands):

	2020	2019
Within one year	$ 30,212	$ 23,395
Two to five years	10,983	6,015
Gross grants and promises to give	41,195	29,410
Discount to present value	(17)	(238)
Allowance for doubtful pledges	(1,508)	(462)
Net grants and promises to give receivable	$ 39,670	$ 28,710

CI's grants and promises to give receivable balance include receivables from the federal government, foreign governments and private donors. CI's ten largest contributors during the year ended June 30, 2020, comprised approximately 39% or $63,777,000 of total support and revenue. CI's ten largest contributors during the year ended June 30, 2019, comprised approximately 44% or $66,158,000 of total support and revenue. CI's ten largest grants and promises to give receivable balances, before net present value and allowance for uncollectible pledges, comprised approximately 81% or $33,339,000 at June 30, 2020, and 81% or $23,685,000 at June 30, 2019.

Note 5. Grants and Promises to Give Receivable (Continued)

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. 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, 2020, CI was awarded the following amounts of conditional grants and promises to give but not yet recognized or earned (in thousands):

Public funding	$	137,519
Foundations		92,494
Individuals		1,815
Corporations		1,170
Others		1,524
	$	234,522

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.

Note 6. 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, 2019, CI committed and paid $6,000,000 to the fund, of which $731,000 had been deployed as a capital contribution, leaving a balance of $5,269,000 as a project advance to the partner. During the year ended June 30, 2020, an additional $402,000 was deployed, resulting in $4,867,000 remaining as a project advance to the partner.

Note 7. 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, 2020, bears interest at rates ranging from 3% to 9.5% and are due between July 2020 and June 2025.

At June 30, 2020 and 2019, notes receivable, less allowance for uncollectible notes, totaled $2,760,000 and $1,100,000, respectively. There was no allowance for uncollectible notes at June 30, 2020 and 2019.

Note 7. Notes Receivable (Continued)

The following schedule shows required future minimum repayments (in thousands):

Years ending June 30:		
2021	$	550
2022		717
2023		477
2024		666
2025		350
	$	2,760

Note 8. Property and Equipment

Property and equipment at June 30, 2020 and 2019, consist of the following (in thousands):

		2020		2019
Furniture and equipment	$	6,897	$	6,840
Leasehold improvements		5,627		5,463
Land		131		131
Buildings		564		564
		13,219		12,998
Accumulated depreciation and amortization		(7,391)		(6,384)
Net property and equipment	$	5,828	$	6,614

Depreciation and amortization expense for the years ended June 30, 2020 and 2019, was $1,048,000 and $1,270,000, respectively. As a result of restructuring and consolidation of CI's office space in Arlington, VA during the fiscal year ended June 30, 2019, $5,337,000 in fixed assets and $4,855,000 in accumulated depreciation were written off and disposed of.

Note 9. Notes Payable

Notes payable at June 30, 2020 and 2019, consist of the following (in thousands):

		2020		2019
L'Agence Française de Développement	$	328	$	547

CI entered into note agreements 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. The remaining loan principal is due between July 2020 and July 2021 and bears interest at a 1.12% rate. The loan agreement has several covenants, including ratios regarding liquidity and debt-to-net assets.

Note 9. Notes Payable (Continued)

The following schedule shows required future principal payments as of June 30, 2020 (in thousands):

Years ending June 30:		
2021	$	219
2022		109
	$	328

Interest expense for the years ended June 30, 2020 and 2019, was $5,000 and $11,000, respectively.

Note 10. 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, 2020 and 2019, CI's total grant payable were $1,340,000 and $2,059,000, 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 11. Net Assets

The components of CI's net assets were as follows as of June 30, 2020 and 2019 (in thousands):

	2020	2019
Without donor restrictions:		
Undesignated	$ 5,861	$ 5,016
Board-designated	12,278	12,708
Total net assets without donor restrictions	$ 18,139	$ 17,724
With donor restrictions:		
Time and purpose restriction	$ 290,669	$ 284,227
Perpetual in nature	13,318	13,318
Total net assets with donor restrictions	$ 303,987	$ 297,545

Note 11. Net Assets (Continued)

Net assets with donor restrictions are funds with time or purpose stipulations imposed by the donor. During the year ended June 30, 2020, there were $138,410,000 in new funds with donor restrictions and $129,763,000 released from restrictions. These funds also incurred a net loss of $2,205,000 due to foreign currency translations. These activities resulted in a $303,987,000 net asset with donor restrictions balance as of June 30, 2020, consisting of the following amounts by program (in thousands):

	June 30, 2019	Operating Additions	Operating Releases	Non-Operating Activity	Reclassifications	June 30, 2020
Management and operations *	$ 206,401	$ 11,617	$ (5,401)	$ (2,190)	$ (34,285)	$ 176,142
Grantmaking Divisions	39,389	29,516	(34,416)	-	835	35,324
Field Programs	29,218	71,282	(57,851)	(15)	13,105	55,739
Policy and Strategy	11,980	6,642	(9,370)	-	7,520	16,772
Moore Center for Science	5,740	4,251	(6,594)	-	1,967	5,364
Communications	2,405	2,624	(8,642)	-	6,324	2,711
Center for Environmental Leadership in Business	953	9,024	(3,338)	-	1,245	7,884
Center for Communities and Conservation	1,459	3,454	(4,151)	-	3,289	4,051
	$ 297,545	$ 138,410	$ (129,763)	$ (2,205)	$ -	$ 303,987

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

During the year ended June 30, 2019, there were $125,765,000 in new funds with donor restrictions and $127,675,000 released from restrictions. These funds also incurred a net loss of $330,000 due to foreign currency translations. These activities resulted in a $297,545,000 net asset with donor restrictions balance as of June 30, 2019, consisting of the following amounts by program (in thousands):

	June 30, 2018	Operating Additions	Operating Releases	Non-Operating Activity	June 30, 2019
Management and operations *	$ 211,040	$ 5,534	$ (9,896)	$ (277)	$ 206,401
Grantmaking Divisions	49,321	19,817	(29,706)	(43)	39,389
Field Programs	28,754	55,918	(55,446)	(8)	29,218
Policy and Strategy	4,396	14,410	(6,826)	-	11,980
Moore Center for Science	2,784	11,297	(8,339)	(2)	5,740
Communications	2,042	9,999	(9,636)	-	2,405
Center for Environmental Leadership in Business	1,126	2,862	(3,035)	-	953
Center for Communities and Conservation	322	5,928	(4,791)	-	1,459
	$ 299,785	$ 125,765	$ (127,675)	$ (330)	$ 297,545

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

Note 12. Endowment Funds

Management has interpreted the 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, 2020 and 2019 (in thousands):

	2020			
	Without Donor	With Donor Restrictions		
	Restrictions	Time and Purpose	Perpetual In Nature	Total
Donor-restricted endowment funds	$ -	$ 10,132	$ 13,318	$ 23,450
Board-designated endowment funds	12,278	-	-	12,278
	$ 12,278	$ 10,132	$ 13,318	$ 35,728

	2019			
	Without Donor	With Donor Restrictions		
	Restrictions	Time and Purpose	Perpetual In Nature	Total
Donor-restricted endowment funds	$ -	$ 11,077	$ 13,318	$ 24,395
Board-designated endowment funds	12,708	-	-	12,708
	$ 12,708	$ 11,077	$ 13,318	$ 37,103

Note 12. Endowment Funds (Continued)

Endowment fund activity for the years ended June 30, 2020 and 2019, consists of the following (in thousands):

	2020			
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Perpetual In Nature	Total
Endowment net assets, beginning of year	$ 12,708	$ 11,077	$ 13,318	$ 37,103
Investment return:				
Interest and dividends	114	219	-	333
Realized and unrealized gains on investments, net	4	7	-	11
Amounts appropriated for expenditure	(624)	(1,171)	-	(1,795)
Contributions	76	-	-	76
Endowment net assets, end of year	$ 12,278	$ 10,132	$ 13,318	$ 35,728

	2019			
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Perpetual In Nature	Total
Endowment net assets, beginning of year	$ 12,559	$ 10,818	$ 13,318	$ 36,695
Investment return:				
Interest and dividends	125	240	-	365
Realized and unrealized gains on investments, net	617	1,186	-	1,803
Amounts appropriated for expenditure	(593)	(1,167)	-	(1,760)
Endowment net assets, end of year	$ 12,708	$ 11,077	$ 13,318	$ 37,103

Endowment funds are invested in the following manner as of June 30, 2020 and 2019 (in thousands):

	2020	2019
Common stocks	$ 10,786	$ 15,008
Alternative investments	14,990	14,386
Fixed income	7,307	5,287
Mutual funds	1,139	1,223
Commodities	1,506	1,199
	$ 35,728	$ 37,103

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.

Note 12. Endowment Funds (Continued)

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 $10,132,000 and $11,077,000 at June 30, 2020 and 2019, respectively, and are included in net assets with donor restrictions (time and purpose).

Note 13. 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, 2020 and 2019, amounted to $2,037,000 and $1,942,000, 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, 2020 and 2019, were $204,000 and $237,000, respectively.

During the fiscal year ended June 30, 2020, CI transferred the plan assets previously maintained and administered by CI to the employees' individually held and personally-managed investment accounts in order to offer the employees more investment choices. As a result, CI's accumulated liability for this retirement plan amounted to $0 and $1,322,000, as of June 30, 2020 and 2019, included in accrued salaries, vacation and employee benefits in the accompanying consolidated balance sheets.

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 balance sheets until they are distributed to the participants. The amount of deposits and related accumulations were $100,000 and $69,000 at June 30, 2020 and 2019, respectively.

Note 14. Related Party Transactions

During the year ended June 30, 2020, CI continued to support a related party under a services agreement to provide technical and programmatic services while the related party built its capacity as an independent organization. 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 year ended June 30, 2020, CI received $150,000 in contract revenue for services provided, and $2,150,000 in grant revenue for work with indigenous people. At June 30, 2020, there is a remaining related party net receivable balance of $60,000.

Note 15. 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:		
2021	$	4,538
2022		3,114
2023		2,261
2024		2,210
2025		2,142
Thereafter		27,245
	$	41,510

Total rent expense for the years ended June 30, 2020 and 2019, was $4,403,000 and $4,461,000, 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.

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, 2020 and 2019, was $5,916,000 and $2,567,000, respectively. CI draws funds quarterly, based on the prior quarter's spending.

Note 15. Commitments and Contingencies (Continued)

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 its 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 and $150,000 per individual claim. At June 30, 2020 and 2019, CI had medical claims accruals of $337,000 and $281,000, respectively, which are included in accrued salaries, vacation and employee benefits in the accompanying consolidated balance sheets.

The following is a breakdown by region of Field Program related expenses (in thousands):

	2020	2019
South and Central America	$ 33,168	$ 29,616
Asia Pacific	16,543	19,597
Africa and Madagascar	14,525	15,162
Oceans	6,034	5,416
	$ 70,270	$ 69,791

Note 16. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a Public Health Emergency of International Concern and on March 11, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area and sectors in which CI operates.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to CI. The extent of the impact of COVID-19 on CI's operations and financial performance are uncertain and cannot be predicted. Management is continually monitoring the impact of COVID-19.