

Financial Profile

for the year ending June 30, 2021

READER'S NOTE: In this section, we present summary financial information. Each year the Carnegie Institution, through the Audit committee of its Board of Trustees, engages an independent auditor to express an opinion about the financial statements and the financial position of the Institution. The complete audited financial statements are made available on our website at www.carnegiescience.edu.

The Carnegie Institution for Science completed fiscal year 2021 in sound financial condition after generating a net return of 32.6% on the diversified investments within its endowment; maintaining a disciplined spending policy that balances today's needs with the long-term requirements of the institution and the interests of future scientists; and the continued support of organizations and individuals who recognize the value of basic science.

The primary source of support for the institution's activities continues to be its endowment. This reliance on institutional funding provides an important degree of independence in the research activities of the institution's scientists.

As of June 30, 2021, the endowment was valued at \$1.16 billion. Over the period 1998–2021, average annual distributions from the endowment to the budget were 5.0%. Carnegie closely controls expenses to ensure the continuation of a healthy scientific enterprise.

For several years, under the direction of the Investment Committee of the Board, Carnegie's endowment has been allocated among a broad spectrum of asset classes including: global equities, absolute return investments, real estate partnerships, private equity, venture capital, natural resources partnerships, and government bonds. The goal of this diversified approach is to generate attractive overall performance and reduce the volatility that would exist in a less diversified portfolio. In 2016 Carnegie hired its first Chief Investment Officer to more proactively steward the endowment's assets.

The Chief Investment Officer and Investment Committee regularly examine the asset allocation of the endowment and readjust the allocation, as appropriate. The institution relies upon external managers and partnerships to conduct the investment activities, and it employs a commercial bank to maintain custody. The following chart shows the allocation of the institution's endowment among asset classes as of June 30, 2021.

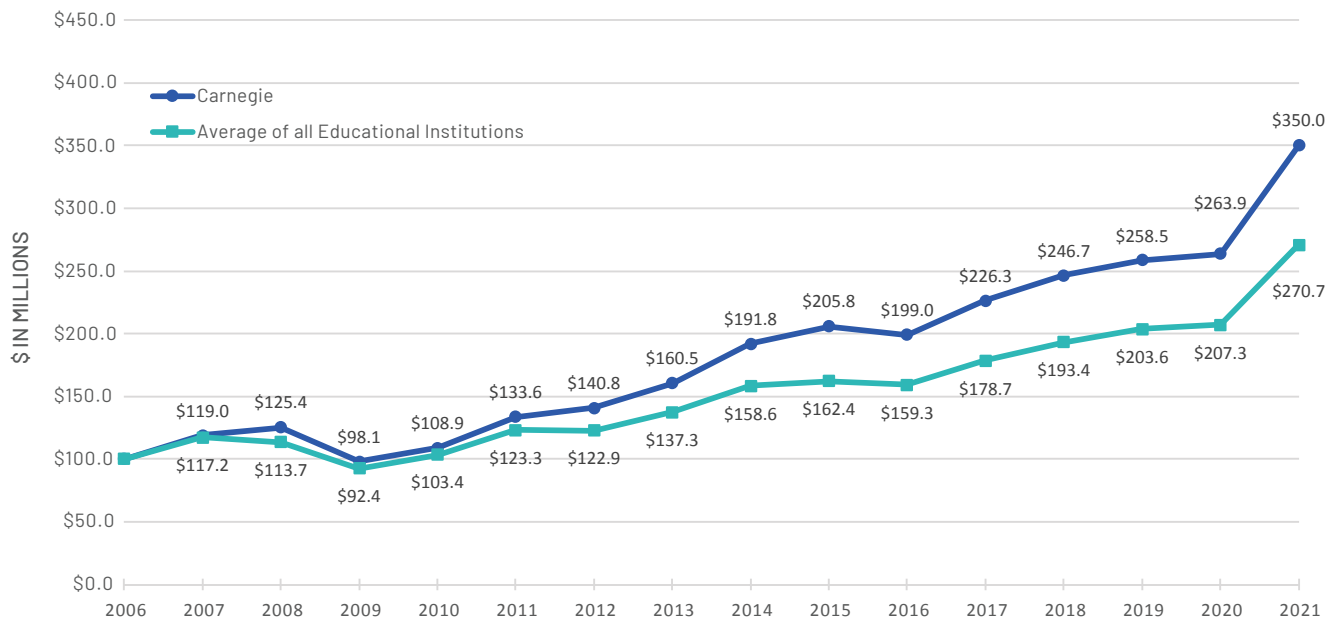
ASSET CLASS	TARGET	ACTUAL
Common Stock	45.0%	43.3%
Alternative Assets	43.0%	47.2%
Fixed Income and Cash	12.0%	9.6%

This chart shows the allocation of the institution's endowment among asset classes as of June 30, 2021.

Carnegie's investment goals are to provide high levels of current support to the institution and to maintain the long-term spending power of its endowment. The success of Carnegie's investment strategy is illustrated in the following figure that compares, for a hypothetical investment of \$100 million, Carnegie's investment returns with the average returns for all educational institutions for the last fifteen years.

\$100 Million Investment

Carnegie Returns vs. Average of all Educational Institutions (2006-2021)

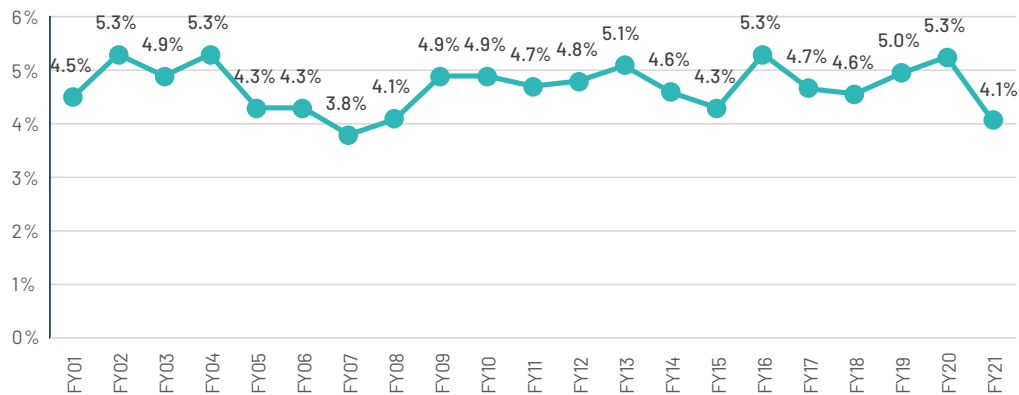


FINANCIAL PROFILE

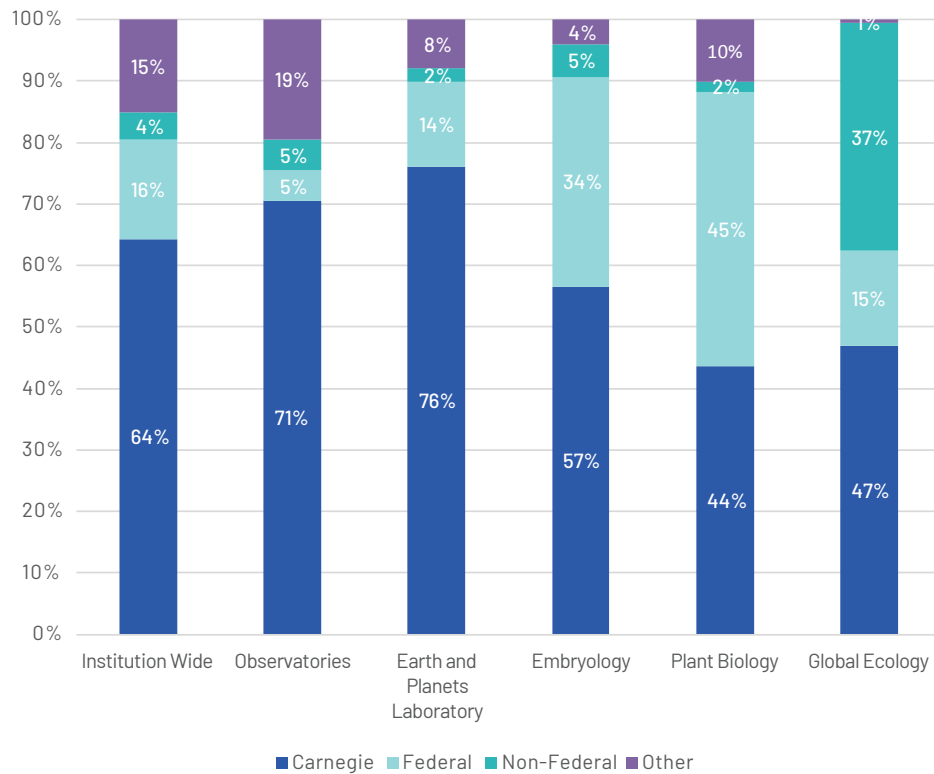
Carnegie has pursued a long-term policy of controlling its spending rate by using a hybrid spending rate, which in the long term contributes 5% of the endowment for annual use. Carnegie employs what is known as a 70/30 hybrid spending rule. That is, the amount available from the endowment in any year is made up of 70% of the previous year's budget, adjusted for inflation, and 30% of the most recently completed year-end endowment value, multiplied by the spending rate of 5% and adjusted for inflation and debt. This method reduces volatility from year-to-year. The following figure depicts actual spending as a percentage of ending market value for the last 20 years.

In fiscal year 2021, Carnegie benefitted from continuing support from federal and non-federal/private grants for specific research purposes. These types of funds make up more than 20% of Carnegie's operating budget. This is a testament to the high quality of Carnegie scientists and their ability to compete successfully for federal funds.

Endowment Spending as Percentage of Endowment Value



Expenses by Funding Type By Department



Within Carnegie’s endowment, there are several “funds” that provide support either in a general way or targeted to a specific purpose. The largest of these is the Andrew Carnegie Fund, begun with the original gift of \$10 million. Mr. Carnegie later made additional gifts totaling another \$12 million during his lifetime. This tradition of generous support for Carnegie’s scientific mission has continued throughout our history.

Statement of Financial Position

July 30, 2021 and 2020 (in thousands)

ASSETS	2021	2020
Cash and Cash Equivalents	\$ 36,238	\$ 30,125
Contributions Receivable	3,571	3,728
Accounts Receivable and other assets (net)	7,807	9,265
Bond Proceeds	54,817	120,582
Investments	1,173,771	917,741
Property and equipment (net)	108,591	118,276
Assets held for sale (net)	7,056	
Long term deferred asset	61,596	61,596
Total assets	\$ 1,453,447	\$ 1,261,313

LIABILITIES		
Accounts payable and accrued expenses	10,262	11,403
Deferred revenue	26,500	28,587
Bonds payable	148,851	214,348
Accrued Postretirement benefits	31,650	32,741
Total liabilities	217,263	287,079

NET ASSETS		
Without donor restriction	362,758	311,622
With donor restriction	873,426	713,146
Total net assets	1,236,184	1,024,768

Total liabilities and net assets	\$ 1,453,447	\$ 1,261,313
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Statement of Activities

July 30, 2021 and 2020 (in thousands)

REVENUE AND SUPPORT	2021	2020
Grants and contracts	\$ 16,903	\$ 17,668
Contributions, gifts	4,627	4,493
Other Income	4,112	2,358
Net external Revenue	25,642	24,519

Investment income and unrealized gains	321,687	17,816
Total Revenue	\$ 347,329	\$ 42,335

EXPENSES		
Program and Supporting Services:		
Observatories	22,590	24,078
Earth & Planets Laboratory	20,303	22,083
Embryology	13,772	13,471
Plant Biology	9,523	9,173
Global Ecology	3,041	4,792
Other Programs	821	278
Administration and general expenses	17,391	14,416
Total Expenses	\$ 88,291	\$ 88,291

NET ASSETS		
Change in net assets before pension related changes	259,888	(45,956)
Pension related changes	2,890	(3,649)
Other components of postretirement benefit expense	(828)	(929)
Grant modifications	—	—
Net Assets at the beginning of the period	974,234	1,024,768

Net assets at the end of the period	\$ 1,236,184	\$ 974,234
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