

# Financial Profile

for the year ending June 30, 2022

The complete audited financial statements will be made available on our website at <https://yearbook.carnegiescience.edu/2022>

\*FY22 financials do not reflect the \$35 million anonymous bequest. This will be included in the FY23 Financials.

**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 the institution's website at [www.carnegiescience.edu](http://www.carnegiescience.edu).*

The Carnegie Institution for Science completed fiscal year 2022 in sound financial condition after generating a net return of -7.9% 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, 2022, the endowment was valued at slightly above \$1 billion. Over the period 1998-2022, 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.

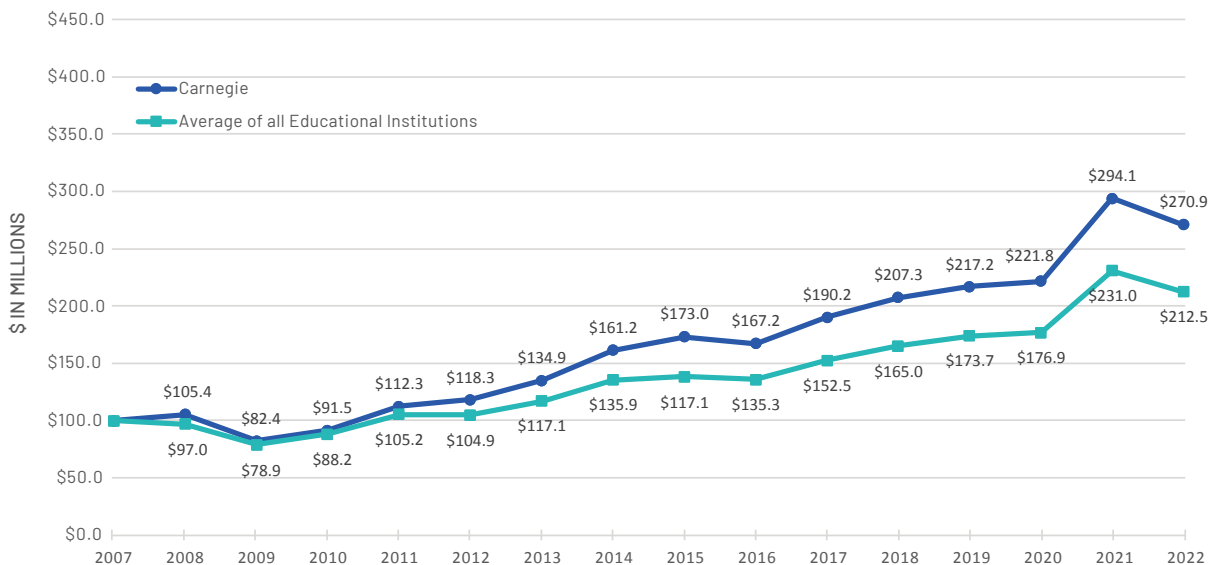
ASSET CLASS	TARGET	ACTUAL
Common Stock	45.0%	33.1%
Alternative Assets	43.0%	57.1%
Fixed Income and Cash	12.0%	9.8%

This chart shows the allocation of the institution's endowment among asset classes as of June 30, 2022.

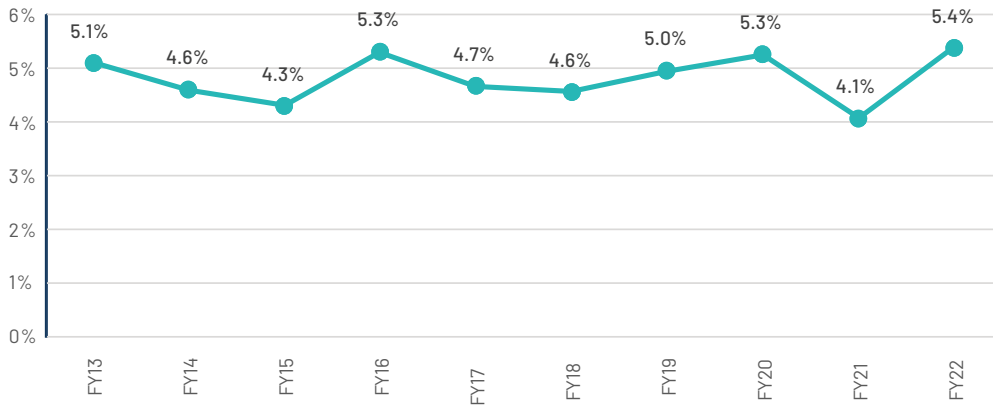
Carnegie's investment goals are to provide high levels of current support to the institution and to maintain the long-term spending power of its endowment. The success of Carnegie's investment

## \$100 Million Investment

Carnegie Returns vs. Average of all Educational Institutions (2007-2022)



### Endowment Spending as Percentage of Endowment Value



strategy is illustrated in the preceding 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.

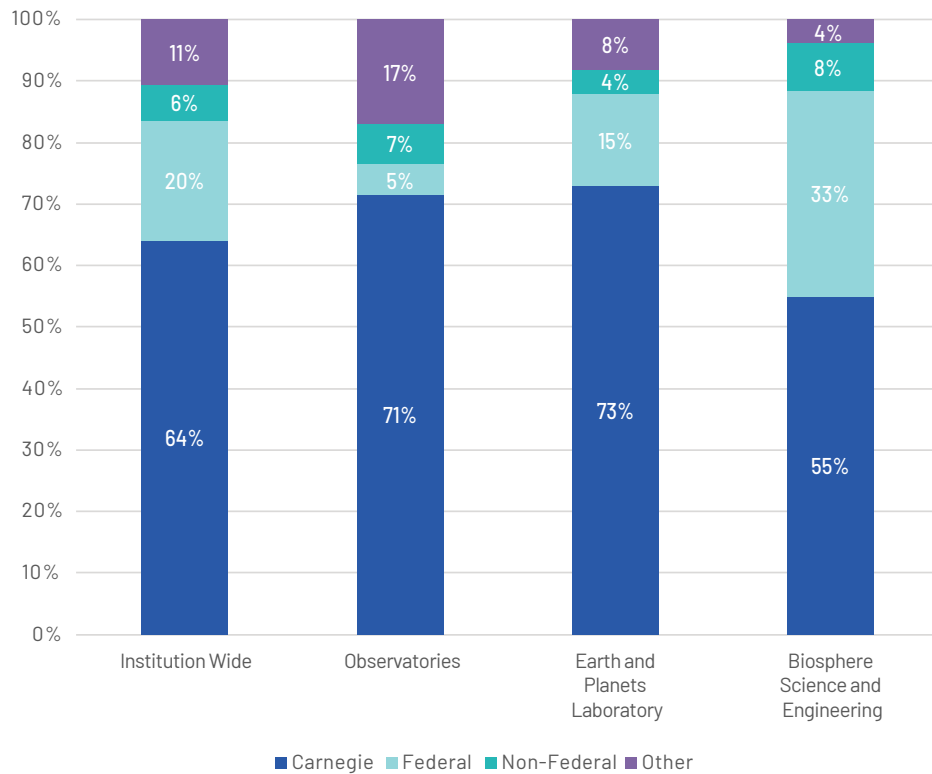
Carnegie has pursued a long-term policy of controlling its spending rate by using a hybrid spending rate, which in the long term contributes 5% of the endowment for annual use. Carnegie employs what is known as a 70/30 hybrid spending rule. That is, the amount available from the endowment in any year 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 preceding figure depicts actual spending as a percentage of ending market value for the last 20 years.

In fiscal year 2022, 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.

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 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 and a list of donors in fiscal year 2022 appears in the digital version of the Year Book (<https://yearbook.carnegiescience.edu/2022>).

### Expenses by Funding Type By Division



## FINANCIAL PROFILE

### Statement of Financial Position

June 30, 2022 and 2021 (in thousands)

ASSETS	2022	2021
Cash and Cash Equivalents	\$ 27,917	\$ 36,238
Restricted Cash	1,395	0
Contributions Receivable	2,609	3,571
Accounts Receivable and other assets (net)	9,418	7,807
Bond Proceeds	52,862	54,817
Investments	1,043,923	1,173,771
Property and equipment (net)	104,557	108,591
Assets held for sale (net)	0	7,056
Long term deferred asset	62,925	61,596
<b>Total assets</b>	<b>\$ 1,305,606</b>	<b>\$ 1,453,447</b>

LIABILITIES		
Accounts payable and accrued expenses	10,782	10,262
Deferred revenue	26,886	26,500
Bonds payable	148,885	148,851
Accrued post-retirement benefits	24,107	31,650
Total liabilities	210,660	217,263

NET ASSETS		
Without donor restriction	361,723	362,758
With donor restriction	733,223	873,426
Total net assets	1,094,946	1,236,184

<b>Total liabilities and net assets</b>	<b>\$ 1,305,606</b>	<b>\$ 1,453,447</b>
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To see the complete FY22 Yearbook, please go online and visit <https://yearbook.carnegiescience.edu/2022>.

## Statement of Activities

June 30, 2022 and 2021 (in thousands)

REVENUE AND SUPPORT	2022	2021
Grants and contracts	\$ 19,056	\$ 16,903
Contributions, gifts	4,027	4,627
Other Income	56,727	4,112
<b>Net external Revenue</b>	<b>79,810</b>	<b>25,642</b>
Investment income and unrealized gains	(134,495)	321,687
<b>Total Revenue</b>	<b>\$ (54,685)</b>	<b>\$ 347,329</b>
EXPENSES		
Program and Supporting Services:		
Biosphere Sciences & Engineering	28,801	26,336
Observatories	25,193	22,590
Earth & Planets Laboratory	21,185	20,303
Other Programs	778	821
Administration and general expenses	18,845	17,391
<b>Total Expenses</b>	<b>\$ 94,802</b>	<b>\$ 87,441</b>
NET ASSETS		
Change in net assets before pension related changes	(149,487)	259,888
Pension related changes	9,040	2,890
Other components of postretirement benefit expense	(791)	(828)
Net Assets at the beginning of the period	1,236,184	974,234
<b>Net assets at the end of the period</b>	<b>\$ 1,094,946</b>	<b>\$ 1,236,184</b>