

Financial profile

READER'S NOTE: *In this section, we present the summary of financial information. Each year Carnegie Science, 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.*

Carnegie Science completed fiscal year 2023 in sound financial condition after generating a net return of 2.5% 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, 2023, the investment portfolio including the endowment was valued at slightly below \$1 billion. Annual distributions from the endowment are calculated with a target spending rate of 5%. 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.

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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, 2023.

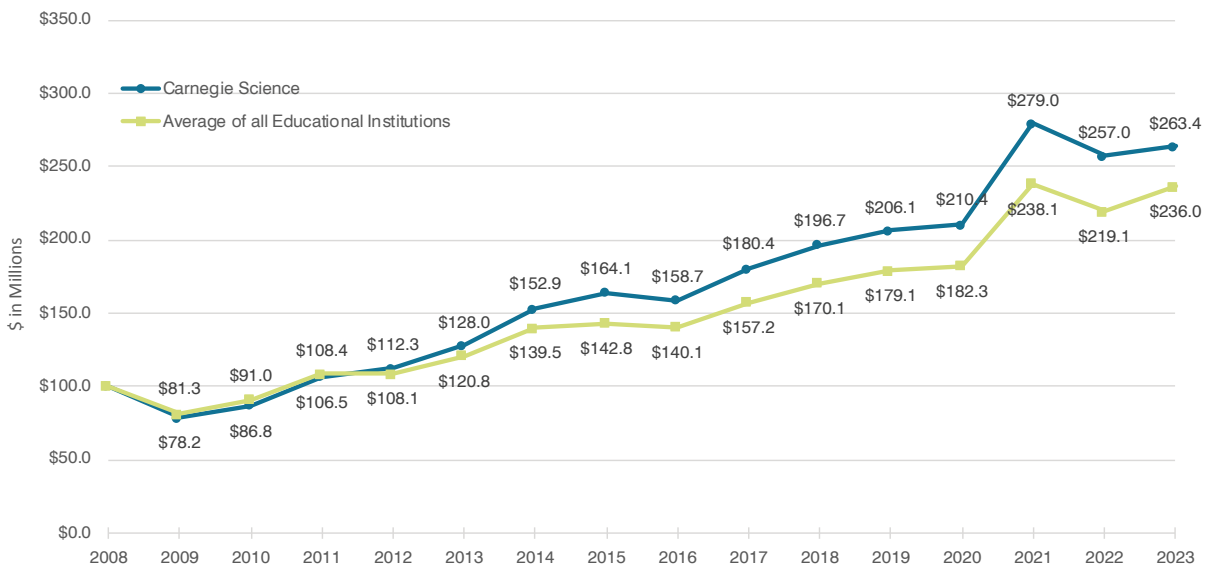
ASSET CLASS	TARGET	ACTUAL
Common Stock	45.0%	41.7%
Alternative Assets	43.0%	47.0%
Fixed Income and Cash	12.0%	11.3%

This chart shows the allocation of the institution's endowment among asset classes as of June 30, 2023.

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

Illustration of \$100 Million Investment

Carnegie Returns vs. Average of all Educational Institutions (2008–2023)



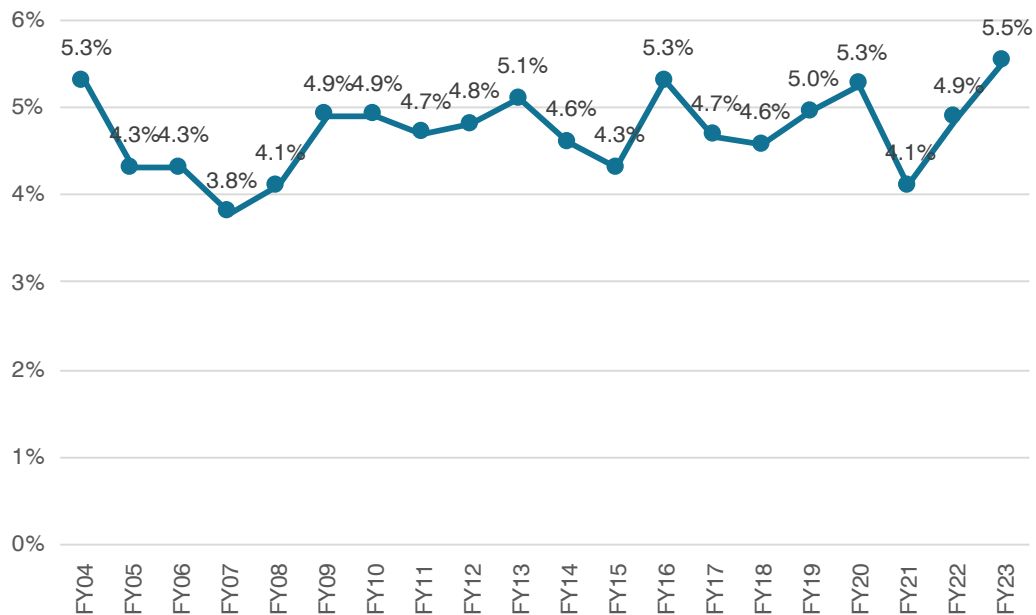
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investment of \$100 million, Carnegie's investment returns with the average returns for all educational institutions for the last fifteen years.

Carnegie has pursued a long-term policy of controlling its spending rate by using a hybrid spending rate, which in the long term contributes approximately 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 2023, Carnegie benefitted from continuing support from federal and non-federal/private grants for specific research purposes. These types of funds make up approximately 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.

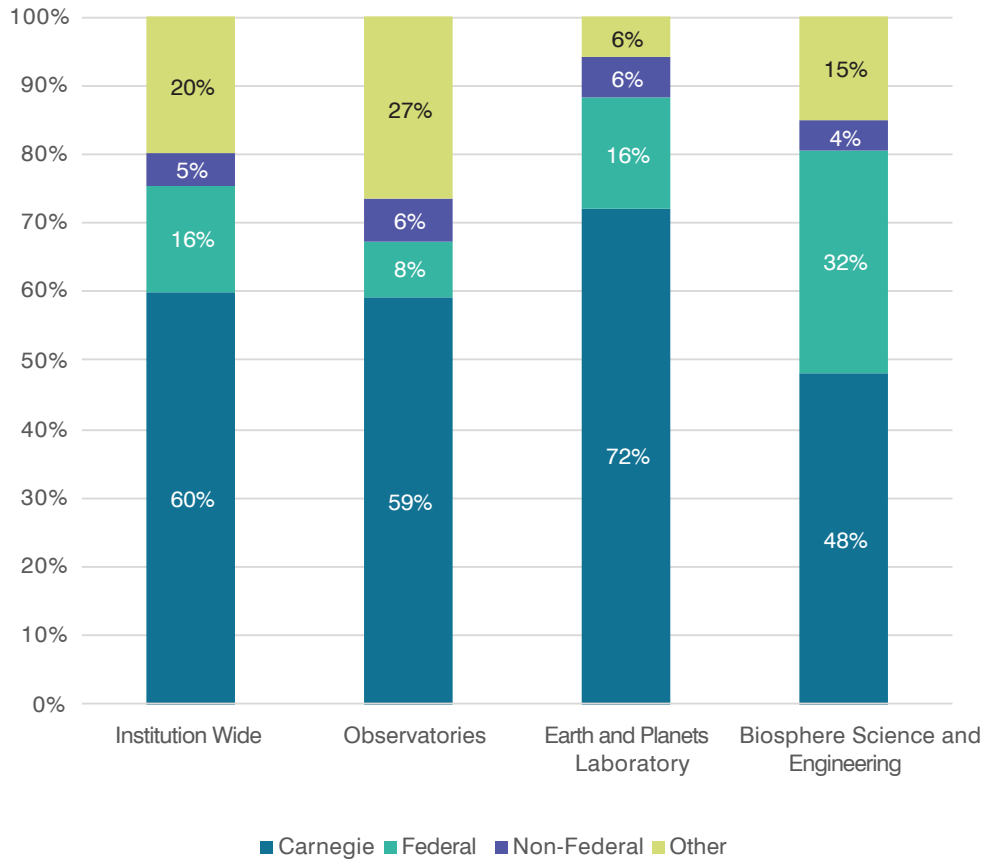
Endowment Spending as Percentage of Endowment Value



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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 and a list of donors in fiscal year 2023 appears in an earlier section of this Year Book.

Expenses by Funding Type By Division



Statement of Financial Position

June 30, 2023 and 2022 (in thousands)

ASSETS	2023	2022
Cash and Cash Equivalents	\$ 48,081	\$ 27,917
Restricted Cash	—	1,395
Contributions Receivable	1,886	2,609
Accounts Receivable and other assets (net)	15,717	9,418
Bond Proceeds	53,573	52,862
Investments	1,016,511	1,043,923
Property and equipment (net)	81,721	104,557
Assets held for sale (net)	21,086	—
Long term deferred asset	68,328	62,925
Total assets	\$ 1,306,903	\$ 1,305,606
LIABILITIES		
Accounts payable and accrued expenses	13,612	10,782
Deferred revenue	46,812	26,886
Bonds payable	148,928	148,885
Accrued post-retirement benefits	22,926	24,107
Total liabilities	232,278	210,660
NET ASSETS		
Without donor restriction	339,803	361,723
With donor restriction	734,822	733,223
Total net assets	1,074,624	1,094,946
Total liabilities and net assets	\$ 1,306,903	\$ 1,305,606

To see the complete FY23 Yearbook, please go online and visit <https://yearbook.carnegiescience.edu/2023>.

Statement of Activities

June 30, 2023 and 2022 (in thousands)

REVENUE AND SUPPORT	2023	2022
Grants and contracts	\$ 23,862	\$ 19,056
Contributions, gifts	39,362	4,027
Other Income	1,800	56,727
Net external Revenue	65,024	79,810
Investment income and unrealized gains	19,779	(134,495)
Total Revenue	\$ 84,803	\$ (54,685)
EXPENSES		
Program and Supporting Services:		
Biosphere Sciences & Engineering	35,248	28,801
Observatories	27,980	25,193
Earth & Planets Laboratory	21,654	21,185
Other Programs	431	778
Administration and general expenses	21,292	18,845
Total Expenses	\$ 106,605	\$ 94,802
NET ASSETS		
Change in net assets before pension related changes	(21,802)	(149,487)
Pension related changes	2,011	9,040
Other components of postretirement benefit expense	(530)	(791)
Grant modifications	—	—
Net Assets at the beginning of the period	1,094,946	1,236,184
Net assets at the end of the period	\$ 1,074,625	\$ 1,094,946