

# Financial profile

---

**READER'S NOTE:** *In this section, we present the summary of 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.*

The Carnegie Institution for Science completed fiscal year 2024 in sound financial condition after generating a net return of 7.25% 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, 2024, the investment portfolio including the endowment was valued at approximately \$979 million. 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.

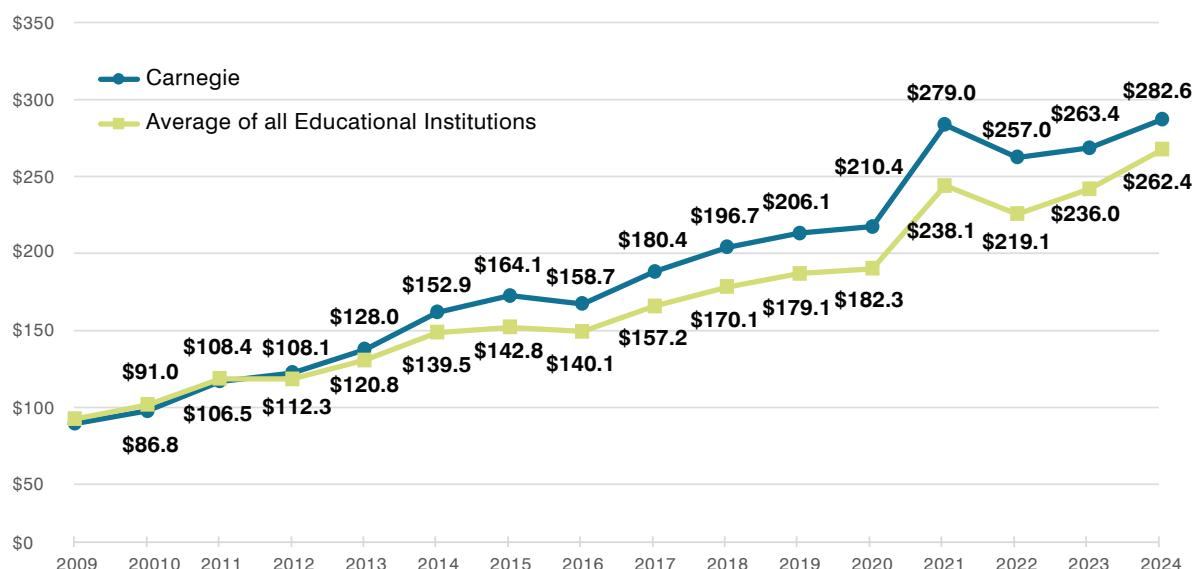
The Chief Investment Officer and Investment Committee regularly examine the asset allocation of the endowment and readjust the allocation, as appropriate. The institution relies upon external managers and partnerships to conduct the investment activities, and it employs a commercial bank to maintain custody. The chart to the right shows the allocation of the institution's endowment among asset classes as of June 30, 2024.

ASSET CLASS	TARGET	ACTUAL
Common Stock	45.0%	41.1%
Alternative Assets	43.0%	47.5%
Fixed Income and Cash	12.0%	11.4%

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.

## Illustration of \$100 Million Investment

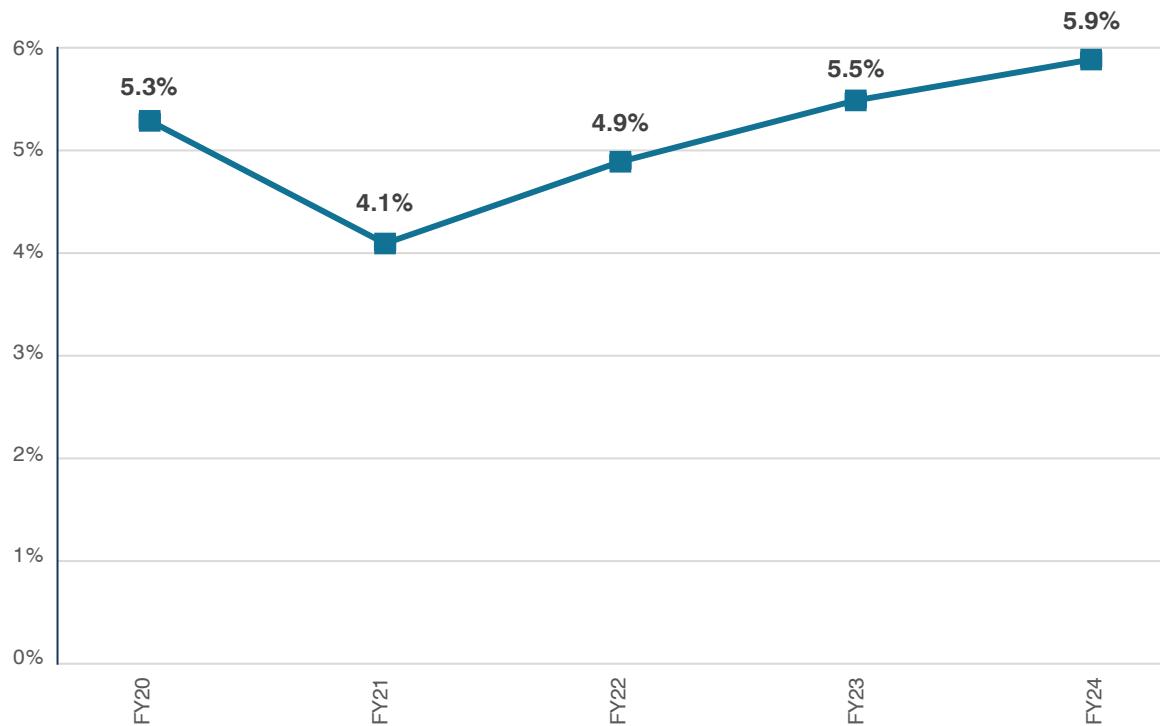
Carnegie Returns vs. Average of all Educational Institutions (2009–2024)



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 five years.

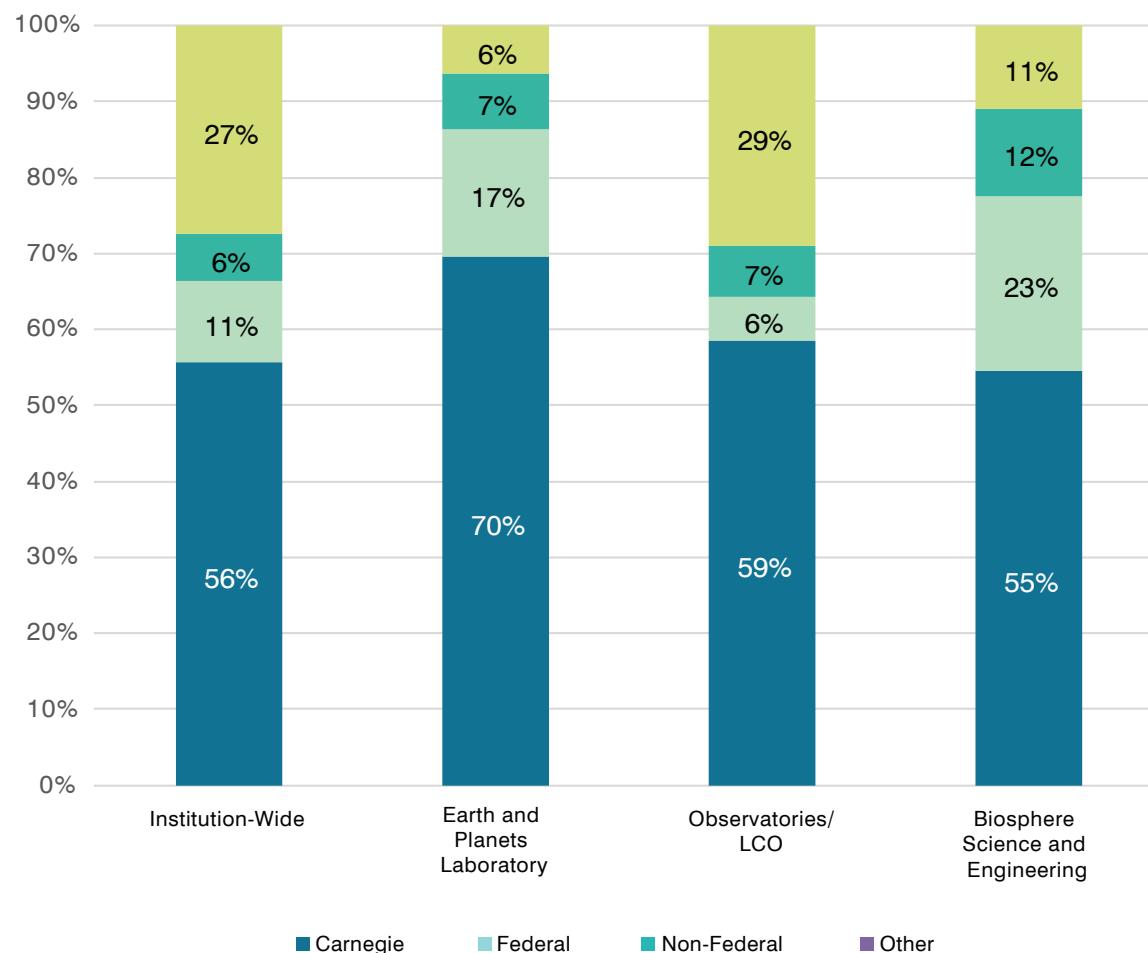
In fiscal year 2024, Carnegie benefitted from continuing support from federal and non-federal/private grants for specific research purposes. These types of funds make up approximately 15-20% of Carnegie's operating budget. This is a testament to the high quality of Carnegie scientists and their ability to compete successfully for federal funds.

### Endowment Spending as Percentage of Endowment Value



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 2024 appears in an earlier section of this Year Book.

### Expenses by Funding Type By Division



## Statement of Financial Position

June 30, 2024 and 2023 (in thousands)

ASSETS	2024	2023
Cash and Cash Equivalents	\$ 47,068	\$ 48,081
Contributions Receivable	3,086	1,886
Accounts Receivable and other assets (net)	6,882	15,717
Bond Proceeds	56,456	53,573
Investments	1,036,083	1,016,511
Property and equipment (net)	93,211	81,721
Assets held for sale (net)	0	21,086
Long term deferred asset	74,091	68,328
<b>Total assets</b>	<b>\$ 1,316,877</b>	<b>\$ 1,306,903</b>
LIABILITIES		
Accounts payable and accrued expenses	14,725	13,612
Deferred revenue	47,504	46,812
Bonds payable	148,996	148,928
Accrued post-retirement benefits	22,026	22,926
Total liabilities	233,221	232,278
NET ASSETS		
Without donor restriction	345,178	339,803
With donor restriction	738,475	734,822
Total net assets	1,083,656	1,074,625
<b>Total liabilities and net assets</b>	<b>\$ 1,316,877</b>	<b>\$ 1,306,903</b>

## Statement of Activities

June 30, 2024 and 2023 (in thousands)

REVENUE AND SUPPORT	2024	2023
Grants and contracts	\$ 20,469	\$ 23,862
Contributions, gifts	7,445	39,362
Other Income	14,213	1,800
<b>Net external Revenue</b>	<b>65,024</b>	<b>65,024</b>
Investment income and unrealized gains	42,127	19,779
<b>Total Revenue</b>	<b>\$ 117,981</b>	<b>\$ 84,803</b>
EXPENSES		
Program and Supporting Services:		
Biosphere Sciences & Engineering	33,190	35,248
Observatories	28,680	27,980
Earth & Planets Laboratory	21,454	21,654
Other Programs	688	431
Administration and general expenses	25,696	21,292
<b>Total Expenses</b>	<b>\$ 109,708</b>	<b>\$ 106,605</b>
NET ASSETS		
Change in net assets before pension related changes	8,273	(21,802)
Pension related changes	1,202	2,011
Other components of postretirement benefit expense	(444)	(530)
Grant modifications	—	—
Net Assets at the beginning of the period	1,074,625	1,094,946
<b>Net assets at the end of the period</b>	<b>\$ 1,083,656</b>	<b>\$ 1,074,625</b>