Financial Statements and Report of Independent Certified Public Accountants

Carnegie Institution for Science

June 30, 2025 and 2024

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
Carnegie Institution of Washington

Opinion

We have audited the financial statements of Carnegie Institution of Washington (d/b/a Carnegie Institution for Science) ("Carnegie"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Carnegie as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carnegie and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter

The financial statements of Carnegie as of and for the year ended June 30, 2024 were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated December 31, 2024.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Carnegie's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Carnegie's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carnegie's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses is presented for purposes of additional analysis and is not a required part of the financial statements.
Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the

accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Arlington, Virginia
December 5, 2025

Carnegie Institution for Science

STATEMENTS OF FINANCIAL POSITION

June 30,
(Dollars in thousands)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 26,569	$ 47,068
Contributions receivable, net (Note 2)	1,809	3,086
Accounts receivable and other assets, net	7,133	6,882
Bond proceeds (Note 7)	59,060	56,456
Investments (Notes 3 and 15)	1,074,895	1,036,083
Property and equipment, net (Notes 4 and 5)	92,436	93,211
Right-of-use assets (Note 13)	297	487
Long term deferred asset (Note 6)	78,596	73,604
Total assets	$ 1,340,795	$ 1,316,877
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses (Note 13)	$ 16,326	$ 13,982
Deferred revenue (Note 5)	47,570	47,504
Bonds payable (Note 7)	149,004	148,966
Lease obligations (Note 13)	30,493	743
Accrued postretirement benefits (Note 8)	22,472	22,026
Total liabilities	265,865	233,221
Commitments and contingencies (Notes 3, 7, 8, 13, and 14)		
Net assets (Notes 9 and 10)		
Without donor restrictions	308,992	345,178
With donor restrictions	765,938	738,478
Total net assets	1,074,930	1,083,656
Total liabilities and net assets	$ 1,340,795	$ 1,316,877

The accompanying notes are an integral part of these financial statements.

Carnegie Institution for Science

STATEMENTS OF ACTIVITIES

Years ended June 30, 2025 and 2024
(Dollars in thousands)

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Grants and contracts	$ 21,382	$ 696	$ 22,078	$ 20,469	$ -	$ 20,469
Contributions and gifts	1,067	3,641	4,708	996	6,449	7,445
Other income	1,932	26	1,958	14,213	-	14,213
Investment income, net	30,632	77,074	107,706	22,943	52,911	75,854
Net assets released from restrictions (Note 9)	51,352	(51,352)	-	55,703	(55,703)	-
Total revenue and support	106,365	30,085	136,450	114,324	3,657	117,981
Expenses (Note 11):						
Program expenses:						
Biosphere Sciences and Engineering	68,136	-	68,136	33,190	-	33,190
Observatories	31,077	-	31,077	28,680	-	28,680
Earth and Planets Laboratory	21,349	-	21,349	21,454	-	21,454
Other programs	569	-	569	688	-	688
Total program expenses	121,131	-	121,131	84,012	-	84,012
Administrative and general expenses	21,807	-	21,807	25,696	-	25,696
Total expenses	142,938	-	142,938	109,708	-	109,708
Change in net assets before non operating activities	(36,573)	30,085	(6,488)	4,616	3,657	8,273
Nonoperating activities:						
Loss on contributions receivable	-	(2,625)	(2,625)	-	-	-
Postretirement changes other than service cost (Note 8)	1,147	-	1,147	1,202	-	1,202
Other components of postretirement benefit expense (Note 8)	(760)	-	(760)	(444)	-	(444)
Change in net assets	(36,186)	27,460	(8,726)	5,374	3,657	9,031
Net assets at beginning of year	345,178	738,478	1,083,656	339,804	734,821	1,074,625
Net assets at end of year	$ 308,992	$ 765,938	$ 1,074,930	$ 345,178	$ 738,478	$ 1,083,656

The accompanying notes are an integral part of these financial statements.

Carnegie Institution for Science

STATEMENTS OF CASH FLOWS

Years ended June 30,
(Dollars in thousands)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ (8,726)	$ 9,031
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,892	6,765
Provision (recovery) for allowance for uncollectible accounts	263	(54)
Loss on contributions receivable	2,625	-
Net gains on investments and bond proceeds	(101,588)	(72,542)
Net loss (gains) on disposal of property	188	(12,485)
Contributions of stock	(59)	(3)
Amortization of bond issuance costs, premium, and discount	38	38
Contributions and investment income restricted for long-term investment in endowment	(24)	(359)
Pension change other than net periodic benefit cost	(59)	(1,202)
Cost of exiting facility lease	36,545	-
Changes in operating assets and liabilities:		
Contributions and accounts receivable	(1,855)	7,606
Right-of-use assets	190	-
Long-term deferred asset	(5,000)	(5,680)
Accounts payable and accrued expenses	1,998	(1,425)
Deferred revenue	(16)	692
Lease obligations	(2,030)	-
Accrued postretirement benefits	500	325
Net cash used in operating activities	(70,118)	(69,293)
Cash flows from investing activities		
Acquisition of property and equipment	(882)	(2,248)
Acquisition of land	-	(12,513)
Construction of facilities and equipment	(9,789)	(3,876)
Proceeds from sales of property and equipment	(90)	33,953
Investments purchased	(230,323)	(109,148)
Sales and maturities on investments and bond proceeds	406,591	327,137
Purchases of investments from bond proceeds	(115,912)	(165,384)
Net cash provided by investing activities	49,595	67,921
Cash flows from financing activities		
Proceeds from contributions and investment income restricted for:		
Investment in endowment	24	359
Net cash provided by financing activities	24	359
NET DECREASE IN CASH AND CASH EQUIVALENTS	(20,499)	(1,013)
Cash and cash equivalents at beginning of year	47,068	48,081
Cash and cash equivalents at end of year	$ 26,569	$ 47,068
Supplementary cash flow information		
Cash paid for interest	$ 5,345	$ 8,017

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Carnegie Institution of Washington, doing business as Carnegie Institution for Science, (Carnegie) conducts advanced research and training in the sciences. Carnegie carries out its scientific work in three research centers located throughout the United States and at an observatory in Chile. The centers are the Observatories, Earth and Planets Laboratory, and Biosphere Sciences and Engineering, formerly known as the Departments of Embryology, Plant Biology and Global Ecology.

Basis of Accounting and Presentation

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. general accepted accounting principles.

Cash Equivalents

Carnegie considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents. Money market and other highly liquid instruments held by investment managers are reported as investments and bond proceeds.

Investments

Carnegie's common stock and equity investments are reported at fair value based on quoted market prices, or with respect to commingled funds, real estate funds, certain natural resources funds, absolute return funds, and private equity funds, at estimated net asset values (NAV), as a practical expedient for fair value, provided by the general partners of limited partnerships or other external investment managers. These estimated fair values are reviewed and evaluated by Carnegie. Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been reported had a ready market for such investments existed.

All investments are exposed to various risks, such as interest rate, market, currency, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. All changes in fair value are recognized in the statements of activities.

Carnegie investment returns are presented net with investment expenses. Investment expenses include investment management fees, custodian fees, and other direct internal operating expenses related to Carnegie's investment activities.

Bond Proceeds

Proceeds from the bond issuance have been invested in mutual funds and are reported at their fair values (Level 1) as of the reporting date.

Concentrations of Credit Risk

Financial instruments that potentially subject Carnegie to concentrations of credit risk consist principally of cash and cash equivalents and investments. Carnegie maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Carnegie's cash and cash equivalent accounts have been placed with high credit quality financial institutions that are evaluated regularly. Carnegie has not experienced, nor does it anticipate, any losses with respect to such accounts.

Income Taxes

Carnegie follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Carnegie is exempt from income tax under Internal Revenue Code (the Code) Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Carnegie has processes in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. Carnegie has determined that there are no material uncertain tax positions that require recognition or disclosure in the accompanying financial statements.

Fair Value of Financial Instruments

The fair value of investments in common stock and equity securities is based on quoted market prices. The fair value of investments in bond funds, commingled funds, real estate, natural resources, absolute return funds, and private equity is estimated using net asset value or its equivalent.

Carnegie uses interest rate swap agreements to mitigate the risk of changes in interest rates associated with fixed interest rate indebtedness and changes in the market. Carnegie recognizes these interest rate swap agreements at fair value.

The fair value hierarchical disclosure framework prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3 measurements).

Fair value measurements are categorized in one of the following three categories:

Level 1 - Pricing inputs are unadjusted quoted prices available in active markets for identical assets or liabilities.

Level 2 - Pricing inputs are quoted prices for identical assets or liabilities in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The level of a value determined for a financial instrument within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement in its entirety. Determination of what constitutes observable input requires judgment by Carnegie. In general, Carnegie considers observable inputs to be market data that are readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Carnegie makes estimates in measurement and reporting including fair value of investments, useful lives of property and equipment, allowances for credit losses, income tax uncertainties, and other contingencies.

Property and Equipment

Carnegie capitalizes expenditures for land, buildings and leasehold improvements, telescopes, scientific and administrative equipment, and projects in progress. Routine replacement, maintenance, and repairs are charged to expense.

Depreciation is computed on a straight-line basis, generally over the following estimated useful lives:

Buildings and telescopes	50 years
Software development	3 years
Scientific and administrative equipment	2-10 years

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value amount of an asset may not be recoverable. No impairments were recognized in 2025 or 2024.

Contributions and Net Assets

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions received for capital projects, endowment funds, or student loans and contributions under split interest agreements or perpetual trusts are reported as revenue with or without donor restrictions based on the terms of gift agreements. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Typically, contract and grant agreements contain a right of return or right of release from obligation provision and Carnegie has limited discretion over how funds transferred should be spent. As such, Carnegie recognizes revenue for these conditional contributions when the related barrier(s) has been overcome. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

In instances where unconditional contributions are to be received after one year or more from the date of the gift, they are recorded at a discounted amount at an appropriate risk-adjusted rate commensurate with the expected collection period. Amortization of the discount is recorded as additional contribution revenue. Allowance is made, if necessary, for uncollectible contributions receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Contributions are classified in categories of net assets as follows:

Without donor restriction - Includes all contributions received without donor-imposed restrictions on use or time, including restricted contributions for which the restrictions were met in the same period the revenue is recognized. Board-designated quasi-endowments are also included in this net asset category.

With donor restriction - Includes contributions with donor-imposed restrictions as to purpose of gift and/or time-period expended.

Contributions with donor restriction include endowment gifts in which donors stipulated that the corpus be invested, and only the investment income generated from endowments may be spent. Certain endowments require that a portion of the investment income be reinvested with the original endowment.

Expirations of net assets with donor restriction (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as releases of restrictions in the statements of activities.

Gifts of long-lived assets, such as buildings or equipment, are considered unrestricted when placed in service unless restricted by the donor. Cash gifts restricted for investment in long-lived assets are released from restriction when the asset is placed into service.

Grants

Carnegie recognizes revenue on grants from federal agencies as conditions are met (i.e., as qualifying expenses are incurred). Funds received in excess of reimbursable expenses are recorded as deferred revenue, and expenses in excess of funds received are recorded as accounts receivable. Funds generally are drawn monthly. Reimbursement of indirect costs may be based on provisional rates if final rates are not received. These provisional rates are subject to subsequent audit by Carnegie's federal cognizant agency, the Department of Energy.

Retirement Benefits

Carnegie has a noncontributory, defined contribution, money-purchase retirement plan in which all U.S. personnel are eligible to participate. After one year of service, an individual's benefits are fully vested. The plan has been funded through individually owned annuities issued by Teachers Insurance and Annuity Association and College Retirement Equities Fund.

Carnegie also provides postretirement medical benefits to all eligible employees (retirees as of that date were grandfathered) who were age 50 or older and employed as of July 1, 2016, retire after age 55 and have at least 10 years of service. Employees under age 40 on July 1, 2016 and who meet the Rule of 75 (age plus years of service equal to at least 75) on or after age 55 may qualify for retiree health. Employees hired on or after July 1, 2016, must meet the Rule of 75 on or after age 60. The service cost component of net periodic benefit cost for pension and other postretirement benefits is presented as employee benefit expense. The other components of net periodic benefit cost, such as interest, unrecognized losses, and amortization of other actuarially determined amounts, are presented outside of expenses as other non-operating activities.

Revenue Recognition - Contracts with Customers and Accounts Receivable

Other revenues are recognized as the services are provided over the fiscal year, and are primarily related to fees for telescope usage, including revenues to support operations of the telescopes and royalty revenue. See Note 5.

Payments for telescope usage have been received in advance and are reported as deferred revenue. Such deferred revenue will be amortized over a period of 50 years, with an expected 26.44 years remaining as of June 30, 2025. Other customer receivables are invoiced based upon contractual terms with revenue being recognized as services are performed. Carnegie maintains allowances for credit losses to reflect management's best estimate of probable losses inherent in receivable balances. Management determines the allowances for credit losses based on known troubled accounts, historical experience, and other currently available evidence.

NOTE 2 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable are summarized as follows as of June 30, 2025 and 2024 (in thousands):

	2025	2024
Unconditional promises expected to be collected in:		
Less than one year	$ 616	$ 1,051
One to five years	1,600	2,450
More than five years	150	-
	2,366	3,501
Less:		
Allowance for uncollectible amounts	(291)	(29)
Discount to present value	(266)	(386)
	$ 1,809	$ 3,086

Contributions receivable as of June 30, 2025 and 2024 were discounted based on the estimated risk-adjusted rate of return on the pledge date at rates ranging from 11.08% to 0.78%.

For grants and contracts treated as contributions, Carnegie had $29.4 million and $28.7 million in unrecognized conditional contributions as of June 30, 2025 and 2024, respectively. The revenue relating to these awards will be recognized as the projects progress and conditions are met, generally as expenses are incurred.

NOTE 3 - INVESTMENTS

The following table represents investments that are measured at fair value on a recurring basis as of June 30, 2025 (in thousands):

	Total	Level 1	Level 2	Level 3	NAV (1)
Time deposits and money market funds	$ 11,044	$ 11,044	$ -	$ -	$ -
U.S. government bond funds	144,911	144,911	-	-	-
Common stock	77,068	77,068	-	-	-
Domestic equity commingled funds	255,109	216,993	-	-	38,116
International equity commingled funds	120,000	-	-	-	120,000
Real estate funds	88,039	-	-	-	88,039
Natural resources funds	58,786	-	-	41,432	17,354
Absolute return funds	111,930		-	-	111,930
Private equity funds	208,008	-	-	-	208,008
	$ 1,074,895	$ 450,016	$ -	$ 41,432	$ 583,447

The following table represents investments that are measured at fair value on a recurring basis as of June 30, 2024 (in thousands):

	Total	Level 1	Level 2	Level 3	NAV [1]
Time deposits and money market funds	$ 9,653	$ 9,653	$ -	$ -	$ -
U.S. government bond funds	162,691	162,691	-	-	-
Common stock - domestic	51,414	51,414	-	-	-
Domestic equity commingled funds	182,881	141,486	-	-	41,395
International equity commingled funds	168,569	-	-	-	168,569
Real estate funds	93,338	-	-	-	93,338
Natural resources funds	71,687	-	-	50,097	21,590
Absolute return funds	97,849	-	-	-	97,849
Private equity funds	198,001	-	-	-	198,001
	$ 1,036,083	$ 365,244	$ -	$ 50,097	$ 620,742

(1) Certain investments are measured at fair value using NAV as a practical expedient for fair value and have not been classified in the fair value hierarchy. The NAV amounts have been presented to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following table summarizes the nature and risk of Carnegie's investments in funds, which are valued based on NAV as a practical expedient for fair value as of June 30, 2025 and 2024 (in thousands):

	Fair Value		2025 Unfunded Commitments	Redemption Frequency
	2025	2024		
Domestic equity commingled funds [a]	$ 38,116	$ 41,395	$ -	Annually
International equity commingled funds [b]	120,000	168,569	-	Monthly
Real estate funds [c]	88,039	93,338	19,404	Illiquid
Natural resources funds [d]	17,354	21,590	525	Illiquid
Absolute return funds [e]	111,930	97,849	-	Annually
Private equity funds [f]	208,008	198,001	54,755	Illiquid
	$ 583,447	$ 620,742	$ 74,684	

(a) This class is comprised of several funds, which invests in publicly traded common stocks. These funds seek to produce returns that mirror or exceed various benchmarks established for comparable portfolios. The liquidity terms for one fund allow us to redeem up to 5% of Carnegie's investment annually and allow for full redemption at the end of calendar year 2027.

(b) This class comprises five international partnerships that invest in public equity markets internationally and one institutional mutual fund that resembles an emerging markets index. These funds seek to produce returns that mirror or exceed various benchmarks established for comparable portfolios. The majority of Carnegie's capital in this category can be redeemed on a monthly basis or more frequently. The notice period is 30 days or less.

(c) This class includes several real estate funds that invest primarily in U.S. commercial real estate. One fund targets commercial, residential, and industrial real estate in the United Kingdom. Investments under this category cannot be redeemed. Instead, distributions are made from operating proceeds on a periodic basis, typically monthly or quarterly. Proceeds from assets sold are generally distributed immediately.

(d) This class includes funds that invest primarily in oil and gas assets. The investment strategy is to acquire, operate, develop, and improve oil and gas assets. Investments under this category cannot be redeemed. Instead, distributions are made from operating proceeds on a periodic basis, typically quarterly. Proceeds from assets sold may be distributed immediately.

(e) This class comprises several separate funds, and include partnerships that invest in publicly traded equities, fixed income securities, distressed fixed income securities, value investments, credit investments, event-driven situations, real estate, distressed credit investments, and event-driven situations. In general, these funds seek to produce positive absolute returns that do not necessarily correlate with the public markets. The majority of Carnegie's capital in this category can be redeemed on an annual basis; in some cases, redemptions can occur within a year, with a minimum of typically 90 days' notice. Less than five percent is invested in a partnership where, under the current terms, funds are in liquidation and cannot be withdrawn.

(f) This class comprises several separate managers and private equity funds that invest primarily in leveraged buyouts, venture capital, emerging growth companies, and various niche strategies. Private equity investment transactions may involve acquisitions, leveraged buyouts, reorganizations, privatizations, restructurings, and spin-offs. Investments under this category cannot be redeemed. Distributions are made as investments are exited.

Level 3 Investments

Carnegie's activity for its natural resources funds measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2025 and 2024 included purchases of approximately $1.4 million and $3.7 million, respectively. There were no transfers in or out of Level 3 during the years then ended.

Level 3 investments are valued by investment managers using common valuation techniques. Carnegie reviews these valuation methods and evaluates the appropriateness of these valuations each year. Natural resource funds are primarily oil and gas funds. The fair value of these funds, as provided by investment managers to approximate fair value, have been estimated using proven reserves and relies on pricing visible in the NYMEX five-year strip for oil and natural gas and then for subsequent years utilizes a flat price assumption.

Input	2025 Range	2024 Range
Visible forward prices for oil/natural gas (NY MEX) through FY 2029	$61.35/$3.72 to $63.52/$4.26	$66.46/$2.86 to $90.19/$3.84
Flat price assumption for subsequent years	$61.89/$3.68	$65.85/$3.75
Discount rate	10%	10%

Carnegie has unfunded commitments related to these Level 3 investments of approximately $1.2 million and $2.6 million as of June 30, 2025 and 2024, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30, 2025 and 2024 (in thousands):

	2025	2024
Buildings and improvements	$ 57,089	$ 57,075
Telescopes	93,998	93,970
Scientific equipment	74,925	77,770
Administrative equipment	6,243	6,288
Software development	1,750	1,455
Art	174	193
Leased equipment	103	103
	234,282	236,835
Accumulated depreciation	(164,612)	(163,100)
Land	13,092	13,092
Construction in progress	9,674	6,365
	$ 92,436	$ 93,211

As of June 30, 2025, construction in progress (CIP) consists of $8.8 million of scientific equipment, and $0.9 million other equipment and improvements. As of June 30, 2024, CIP consists of $5.2 million of scientific equipment, and $1.2 million other equipment and improvements.

As of June 30, 2025 and 2024, approximately $46.5 million and $48.3 million, respectively, of property and equipment, net of accumulated depreciation, was located in Las Campanas, Chile.

During fiscal year 2025, Carnegie discontinued development of a major capital project for a planned scientific facility in Pasadena, California, due to a strategic realignment of institutional priorities. Accordingly, Carnegie recognized a non-cash expense of $4.5 million, representing the full carrying value of the CIP. The expense is presented within Biosphere Sciences and Engineering on the accompanying statement of activities. Also see Note 13.

NOTE 5 - MAGELLAN CONSORTIUM

During the year ended June 30, 1998, Carnegie entered into an agreement (Magellan Agreement) with four universities establishing a consortium to build and operate the Magellan telescopes. The two Magellan telescopes are located on Manqui Peak, Las Campanas in Chile. The first telescope, with a cost of approximately $41.7 million, was placed in service during 2001. The other, with a cost of approximately $30.1 million, was placed in service in 2003. The aggregated net book value of the two telescopes was $38.9 million and $40.4 million as of June 30, 2025 and 2024, respectively.

The university members of the consortium, by funding the construction and operating costs of Magellan, acquired rights of access and oversight as described in the Magellan Agreement. Total funding by the university members for construction, which amounted to $36.0 million, covered approximately 50% of the total construction costs. These monies were used by Carnegie to finance part of the Magellan Telescopes construction costs. The funding was recorded as deferred revenue and is being recognized ratably as income over the remaining estimated useful lives of the telescopes. As of June 30, 2025 and 2024, the deferred revenue for the consortium totaled $17.9 million and $18.6 million, respectively.

NOTE 6 - LONG TERM DEFERRED ASSET

Carnegie is a founder and initial contributor to the Giant Magellan Telescope (GMT) project, which is managed by the Giant Magellan Telescope Organization Corporation (GMTO) that includes institutions from the United States, Australia, and Korea. The GMTO is a nonprofit organization incorporated in 2007 for the purpose of developing and building a state-of-the-art, next-generation, extremely large telescope. Contributors to the GMT project acquire rights of access to the telescope upon completion, as described in the Founders Agreement dated March 20, 2009. Beginning in fiscal year 2010, Carnegie began to capitalize cash contributions to the GMTO, primarily received through fundraising efforts, as a long term deferred asset. The asset will be amortized over the expected 50 year life of the telescope beginning at the time it is placed into service. Carnegie's cash contributions to GMTO in fiscal years 2025 and 2024 were $5.0 million and $5.8 million, respectively. The long term deferred asset value was $78.6 million and $73.6 million at June 30, 2025 and 2024, respectively.

NOTE 7 - DEBT

Bonds Payable

Bonds payable consisted of the following as of June 30, 2025 and 2024 (in thousands):

	2025	2024
2014 taxable bonds	$ 50,000	$ 50,000
2020 taxable bonds	100,000	100,000
Bond issue cost	(996)	(1,034)
	$ 149,004	$ 148,966

On May 15, 2014, Carnegie issued unsecured 2014 Series fixed rate taxable bond with a par value of $50.0 million, maturing in 2054. Proceeds were used to finance a portion of the GMT project (Note 6), and other capital projects and operations in support of Carnegie's scientific mission. The bond bears interest at a fixed rate of 4.241% with sinking fund redemptions of $10,000,000 on each July 1, 2050 through 2054. The Series 2014 bonds are subject to redemption prior to maturity in whole or in part, on any date, at the option of the issuer. There are no financial covenants or stand-by credit facilities associated with the bonds.

On June 9, 2020, Carnegie issued unsecured 2020 Series fixed rate taxable bonds with a par value of $100.0 million, maturing in 2049. $65.1 million of proceeds were used in July 2020 to redeem the California Educational Facilities Authority 2010 revenue bonds and Maine Health and Higher Education Facilities 2010 revenue bonds in full and any associated swaps terminated in concert with this transaction. Proceeds were also used to fund certain capital needs and to pay the cost of issuing the bonds. The bonds bear interest at a fixed rate of 3.224% with sinking fund redemptions due on each July 1, 2042 through 2049. The Series 2020 bonds are subject to redemption prior to maturity in whole or in part, on any date, at the option of issuer. There are no financial covenants or stand-by credit facilities associated with the bonds. All prior bond redemptions occurred by July 8, 2020. The proceeds from the Series 2020 bonds are invested in cash equivalents and are considered level 1 in the fair value hierarchy as of June 30, 2025 and 2024.

Interest expense totaled $5.4 million for the years ended June 30, 2025 and 2024.

NOTE 8 - EMPLOYEE BENEFIT PLANS

Retirement Plan

Contributions made by Carnegie, described in Note 1, totaled approximately $6.0 million and $5.9 million for the years ended June 30, 2025 and 2024, respectively.

Postretirement Benefits Plan

Cash payments made by Carnegie for the postretirement medical benefits, as detailed in Note 1, totaled $0.6 million and $0.9 million for the years ended June 30, 2025 and 2024 respectively.

Postretirement benefits expense for the years ended June 30, 2025 and 2024 consists of the following (in thousands):

	2025	2024
Service cost - benefits earned during the year	$ 720	$ 835
Interest cost on projected benefit obligation	1,147	1,103
Unrecognized losses	(760)	(659)
Postretirement benefit expense	$ 1,107	$ 1,279

The 2025 postretirement benefits expense was approximately $0.5 million more than the cash payments of $0.6 million and 2024 postretirement benefits expense was approximately $0.3 million more than the cash payments of $0.9 million. The postretirement benefit expense was allocated among program and supporting services expenses in the accompanying statements of activities.

The reconciliation of the plans funded status to amounts recognized in the financial statements as of June 30, 2025 and 2024 follows (in thousands):

	2025	2024
Change in benefit obligation		
Benefit obligation at beginning of year	$ 22,026	$ 22,926
Service cost	726	835
Interest cost	1,147	1,102
Actuarial gain	(820)	(1,883)
Contributions (net of retiree contributions)	(607)	(954)
Benefit obligation at end of year	22,472	22,026
Change in plan assets		
Fair value of plan assets at beginning of year	-	-
Contributions to the plan	607	954
Benefits paid	(607)	(954)
Funded status of the plan (unfunded)	$ (22,472)	$ (22,026)

Pension related changes other than net periodic post-retirement benefit cost consisted of the following as of June 30, 2025 and 2024 (in thousands):

	2025	2024
Unrecognized net actuarial gain	$ 819	$ 1,879
Unrecognized prior service costs	-	(18)
Amortization of net gain/loss	(760)	(659)
	$ 59	$ 1,202

The unrecognized net loss and prior service costs that have not been recognized as a component of net periodic postretirement benefit cost as of June 30, 2025 and 2024 are as follows (in thousands):

	2025	2024
Unrecognized net actuarial gain	$ 13,667	$ 13,609
Unrecognized prior service costs	-	-
	$ 13,667	$ 13,609

The present value of the benefit obligation as of June 30, 2025 and 2024 was determined using an assumed discount rate of 5.47% and 5.32%, respectively. The present value of the net periodic postretirement benefit cost for the years ended June 30, 2025 and 2024 was determined using an assumed discount rate of 5.32% and 4.91%, respectively. Carnegie's policy is to fund postretirement benefits as claims and administrative fees are paid.

The measurement date used to determine postretirement benefit obligations is June 30.

Carnegie expects to contribute approximately $1.0 million to its postretirement benefit plan during the year ending June 30, 2026.

The following benefit payments (net of retiree contributions), which reflect expected future service, are expected to be paid in future years ending June 30 (in thousands):

2026	$ 1,003
2027	1,127
2028	1,222
2029	1,352
2030-2034	7,424

The prescription drug benefits offered by Carnegie are determined to not be actuarially equivalent to Medicare Plan D, and the effects of the Medicare Prescription Drug Improvement and Modernization Act, excluding the subsidy, do not have a significant impact on the per capita claims cost.

NOTE 9 - NET ASSETS

Without Donor Restrictions

Net assets without donor restrictions consisted of the following as of June 30, 2025 and 2024 (in thousands):

	2025	2024
Board-designated quasi-endowments	$ 159,654	$ 149,054
Undesignated	149,338	196,124
	$ 308,992	$ 345,178

With Donor Restrictions

Net assets with donor restrictions were available to support the following donor-restricted purposes as of June 30, 2025 and 2024 (in thousands):

	2025	2024
Endowment assets available for future appropriation	$ 630,388	$ 602,288
Specific research programs	93,488	94,738
Equipment acquisition and construction	2,952	3,226
Operation of the Biosphere Science and Engineering Building	15,000	15,000
General support (Carnegie endowment)	24,110	23,226
	$ 765,938	$ 738,478

Net Assets Released from Restrictions

During 2025 and 2024, Carnegie met donor-imposed requirements on certain gifts and, therefore, released net assets with donor restriction as follows (in thousands):

	2025	2024
Appropriation of endowment assets	$ 49,389	$ 52,009
Specific research programs	1,689	3,589
Equipment acquisition and construction	274	105
	$ 51,352	$ 55,703

NOTE 10 - ENDOWMENT

Carnegie's endowment consists of a number of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments to support the purposes of Carnegie. Net assets associated with endowment funds are classified and reported based on the existence or absences of donor-imposed restrictions.

Interpretation of Relevant Law

Effective January 23, 2008, the District of Columbia enacted the Uniform Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. Based on its interpretation of the provisions of UPMIFA, Carnegie is required to act prudently when making decisions to spend or accumulate donor-restricted endowment funds. As a result of this interpretation, Carnegie classifies as net assets with donor restriction the original value of gifts donated to the permanent endowment and subsequent gifts to the endowment. The remaining portion of the endowment fund are appropriated for expenditure by Carnegie in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Carnegie considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund: the duration, preservation, and purposes of the fund; general economic conditions, including inflation; expected total return from investments; other resources; and investment and spending policies.

Return Objectives and Risk Parameters

Carnegie's Board of Trustees has adopted an investment policy, including return objectives, for its endowment. This policy has identified an appropriate risk posture, stated expectations and objectives, asset allocation guidelines, and criteria to monitor and evaluate the performance results of the endowment fund's managers. Carnegie expects the endowment fund to provide a real rate of return of approximately 5% annually, while recognizing that performance in any given year may vary from this goal.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, Carnegie 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). Carnegie employs a diversified asset allocation strategy that allocates investments among four broad asset classes: common stock, alternative assets, fixed income, and cash. Common stock is subdivided into domestic and international categories. Alternative assets are subdivided into absolute return partnerships, natural resources, real estate, and private equity funds.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The current Board-approved spending rule requires that the amounts appropriated for spending from the endowment comprises a) 70% of the previous year's budget, adjusted for inflation and b) 30% of the most recent year-end endowment value, adjusted for debt, and then multiplied by the determined spending rate, currently 5%, and adjusted for inflation. The rule functions to smooth annual contributions from the endowment in support of the operating budget. In establishing this policy, Carnegie considered the long-term expected return on its funds. Carnegie expects the current spending and investment policies to grow its endowment to keep pace with inflation annually.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Carnegie to retain as a fund of perpetual duration. No deficiencies existed as of June 30, 2025 or 2024.

Endowment Net Asset Classification

Net asset classification by type of endowment as of June 30, 2025 and 2024 is as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2025			
Donor-restricted endowment funds	$ -	$ 728,943	$ 728,943
Board-designated endowment funds	159,654	-	159,654
	$ 159,654	$ 728,943	$ 888,597
June 30, 2024			
Donor-restricted endowment funds	$ -	$ 700,601	$ 700,601
Board-designated endowment funds	149,054	-	149,054
	$ 149,054	$ 700,601	$ 849,655

Original gifts for donor-restricted endowment funds (in millions) are $98.4 and $98.4 as of June 30, 2025 and 2024, respectively.

Changes in endowment net assets for the years ended June 30, 2025 and 2024 were as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	$ 145,402	$ 701,060	$ 846,462
Total investment return	10,757	50,675	61,432
Contributions	-	143	143
Appropriation of assets for expenditures	(7,105)	(51,277)	(58,382)
Endowment net assets, June 30, 2024	149,054	700,601	849,655
Total investment return	16,631	77,587	94,218
Contributions	-	144	144
Fund reclassifications	(2,136)	-	(2,136)
Appropriation of assets for expenditures	(3,895)	(49,389)	(53,284)
Endowment net assets, June 30, 2025	$ 159,654	$ 728,943	$ 888,597

NOTE 11 - EXPENSES AND ALLOCATION OF COSTS

Most expenses are directly charged to the respective program or supporting activity. Certain costs have been allocated among the programs based upon management’s estimate of each program’s share of the allocated costs. General operations cost as presented in the table below include professional and contract services, building maintenance and operation and indirect costs. Science expenses below represent educational and research supplies, subcontracts, and non-capitalized equipment.

The composition of expenses for the year ended June 30, 2025 are as follows:

	Personnel Costs and Fellowships	General Operations Costs	Depreciation and Interest	Science Expenses	Travel and Meetings	Total Expenses
Program activities						
Biosphere Sciences and Engineering	$ 18,140	$ 41,995	$ 3,246	$ 4,096	$ 659	$ 68,136
Observatories	19,615	4,165	4,759	1,407	1,131	31,077
Earth and Planets Laboratory	14,922	1,862	1,796	2,242	527	21,349
Other programs	-	569	-	-	-	569
Total program	52,677	48,591	9,801	7,745	2,317	121,131
Support activities						
Administrative and general	12,909	5,599	2,434	183	682	21,807
Total supporting	12,909	5,599	2,434	183	682	21,807
Total expenses	$ 65,586	$ 54,190	$ 12,235	$ 7,928	$ 2,999	$ 142,938

The composition of expenses for the year ended June 30, 2024 are as follows:

	Personnel Costs and Fellowships	General Operations Costs	Depreciation and Interest	Science Expenses	Travel and Meetings	Total Expenses
Program activities						
Biosphere Sciences and Engineering	$ 18,916	$ 6,685	$ 2,926	$ 3,947	$ 716	$ 33,190
Observatories	18,159	2,722	4,860	1,735	1,204	28,680
Earth and Planets Laboratory	15,202	1,552	1,848	2,105	747	21,454
Other programs	5	683	-	-	-	688
Total program	52,282	11,642	9,634	7,787	2,667	84,012
Support activities						
Administrative and general	11,497	10,046	2,475	253	1,425	25,696
Total supporting	11,497	10,046	2,475	253	1,425	25,696
Total expenses	$ 63,779	$ 21,688	$ 12,109	$ 8,040	$ 4,092	$ 109,708

NOTE 12 - LIQUIDITY

As of June 30, 2025 and 2024, Carnegie has $276.0 million and $296.3 million in financial assets, respectively, to meet cash needs within one year for general expenditures or day-to-day cash needs for the organization. The liquidity is primarily from investments, but also includes cash and accounts receivable. These assets are reduced by amounts not available for general use within one year due to restrictions on their use including donor and board restrictions. These assets available are as follows:

	2025	2024
Cash and cash equivalents	$ 26,569	$ 47,068
Investments	1,074,895	1,036,083
Accounts receivable	7,133	6,882
Contributions receivable	1,809	3,086
Total financial assets	1,110,406	1,093,119
Restrictions on use of assets		
Net assets with donor restrictions	(765,938)	(738,478)
Board restricted endowment funds	(159,654)	(149,054)
Total restrictions	(925,592)	(887,532)
FY26/25 board approved endowment allocation	54,295	55,968
Financial assets available to meet cash needs for general expenditures within one year	$ 239,109	$ 261,555

As part of Carnegie's liquidity management, it structures financial assets to be available as its general expenditures, liabilities, or other obligations come due. Carnegie's investment and liquidity allocation is reviewed frequently and approved by the investment committee. Although Carnegie does not intend to spend from the board restricted endowment funds, amounts from these funds could be released from restriction with board approval.

NOTE 13 - LEASE ARRANGEMENTS

Carnegie assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys Carnegie's right to control the use of an identified asset for a period of time in exchange for consideration. Carnegie leases office space for scientific and administrative purposes under operating leases expiring at various dates through 2028. The leases contain no renewal or termination options, restrictions or covenants, variable lease payments, or residual value guarantees.

On September 10, 2024, Carnegie entered into a 15-year lease agreement for office space located in Pasadena, California. Due to a strategic realignment of institutional priorities, Carnegie modified the lease term to reduce the term to three years. As Carnegie has no plans to occupy the space, the right-of-use (ROU) asset of $32 million was written down to zero. The adjustment is reflected as a cost of exiting facility lease in Biosphere Sciences and Engineering in the accompanying statement of activity for the year ended June 30, 2025. Carnegie recorded a lease obligation of $30 million as of June 30, 2025. Carnegie elected to discount the office lease liability using a risk free rate of 8.0%.

During fiscal year 2022, Carnegie signed a 4.45 year lease agreement for office space in downtown Washington, DC office, which expires on April 30, 2026. As a result of the lease agreement, Carnegie recorded a right-of-use asset of $0.3 million and $0.5 million lease obligation of $0.4 million and $0.7 million as of June 30, 2025 and 2024, respectively. Carnegie elected to discount the office lease liability using a risk-free rate of 2.5%. Total rent expense was approximately $0.4 million for the years ended June 30, 2025 and June 30, 2024, respectively. Cash paid for the year June 30, 2025 is $0.5 million and it is included in administrative and general expenses on the statement of statements of activities.

The maturity of the lease liability under Carnegie's operating leases as of June 31, 2025 is as follows (in thousands):

Years Ending June 31,	Operating Leases
2026	$ 11,676
2027	11,223
2028	11,223
Total lease payments	34,122
Less: imputed interest	(3,629)
Total lease obligations	$ 30,493

NOTE 14 - CONTINGENCIES

Costs charged to the federal government under cost-reimbursement grants and contracts are subject to government audit. Therefore, all such costs are subject to adjustment. Management believes that adjustments, if any, would not have a significant effect on the financial statements. Carnegie is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect Carnegie's financial position.

NOTE 15 - RELATED PARTY TRANSACTIONS

Management has evaluated the existence of related-party transactions in accordance with applicable accounting standards and noted no related-party transactions requiring disclosure for the years ended June 30, 2025 and 2024.

NOTE 16 - SUBSEQUENT EVENTS

Carnegie has evaluated subsequent events through the date the financial statements were available to be issued, December 5, 2025 and determined no adjustments or disclosures were required.

SUPPLEMENTAL SCHEDULES

Carnegie Institution for Science

SCHEDULES OF EXPENSES

Years ended June 30, 2025 and 2024
(Dollars in thousands)

	2025			2024		
	Carnegie Funds	Federal and Private Grants	Total Expenses	Carnegie Funds	Federal and Private Grants	Total Expenses
Personnel costs						
Salaries	$ 44,249	$ 5,522	$ 49,771	$ 43,421	$ 5,875	$ 49,296
Fringe benefits and payroll taxes	14,524	1,294	15,818	13,133	1,350	14,483
Total personnel costs	58,773	6,816	65,589	56,554	7,225	63,779
Depreciation	6,892	-	6,892	6,765	-	6,765
General expenses						
Educational and research supplies	3,043	738	3,781	3,901	820	4,721
Building maintenance and operation	5,430	7	5,437	5,258	8	5,266
Travel and meetings	2,377	569	2,946	3,431	661	4,092
Professional and contract services	6,533	1,144	7,677	6,648	831	7,479
Administrative and general	5,328	39	5,367	9,011	227	9,238
Interest	5,345	-	5,345	5,344	-	5,344
Subcontracts	-	1,327	1,327	-	1,219	1,219
Cost of exiting facility lease	36,545	-	36,545	-	-	-
Equipment and facilities	10,406	2,304	12,710	18,793	1,487	20,280
Total general expenses	75,007	6,128	81,135	52,386	5,253	57,639
Total direct costs	140,672	12,944	153,616	115,705	12,478	128,183
Indirect costs						
Grants and contracts	(3,865)	3,865	-	(3,392)	3,392	-
Total costs	136,807	16,809	153,616	112,313	15,870	128,183
Capitalized scientific equipment and facilities	(10,678)	-	(10,678)	(18,475)	-	(18,475)
Total expenses	$ 126,129	$ 16,809	$ 142,938	$ 93,838	$ 15,870	$ 109,708