Conservation International Foundation and Affiliates

Consolidated Financial Report
June 30, 2019

Contents

Independent Auditor's Report

To the Board of Directors
Conservation International Foundation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Conservation International Foundation and Affiliates (CI), which comprise the consolidated balance sheets as of June 30, 2019 and 2018, the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended June 30, 2019, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservation International Foundation and Affiliates as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 2 to the financial statements, CI retrospectively adopted the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The adoption of this standard resulted in additional footnote disclosures for liquidity, changes to the classification of net assets and additional analysis of expenses by both function and nature. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2020, on our consideration of CI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CI's internal control over financial reporting and compliance.

RSM US LLP

McLean, Virginia
January 20, 2020

Conservation International Foundation and Affiliates

Consolidated Balance Sheets
June 30, 2019 and 2018
(In Thousands)

		2019		2018
Assets				
Cash and cash equivalents	**$**	**66,616**	$	69,542
Investments		**264,732**		251,147
Grants and promises to give, net		**28,710**		35,438
Grant advances		**5,533**		3,208
Project advances to partners		**5,269**		5,329
Notes receivable, net		**1,100**		300
Prepaid expenses and other assets		**4,660**		3,644
Property and equipment, net		**6,614**		4,371
Total assets	**$**	**383,234**	$	372,979
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	**$**	**8,866**	$	5,496
Accrued salaries, vacation and employee benefits		**10,453**		9,109
Notes payable, net		**547**		766
Grants payable		**2,059**		4,653
Deferred revenue		**46,040**		35,819
Total liabilities		**67,965**		55,843
Commitments and contingencies (Notes 4 and 15)				
Net assets:				
Without donor restrictions		**17,724**		17,351
With donor restrictions		**297,545**		299,785
Total net assets		**315,269**		317,136
Total liabilities and net assets	**$**	**383,234**	$	372,979

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statements of Activities
Years Ended June 30, 2019 and 2018
(In Thousands)

	2019			2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions:						
Individuals	**$ 4,789**	**$ 29,850**	**$ 34,639**	$ 4,894	$ 38,044	$ 42,938
Foundations	**6,817**	**20,857**	**27,674**	5,682	20,812	26,494
Corporations	**1,756**	**2,606**	**4,362**	1,788	2,501	4,289
Other	**99**	**58**	**157**	3	227	230
Cancellations and de-obligations	**-**	**-**	**-**	-	(5,011)	(5,011)
Grants and contracts:						
NGO/multilaterals	**3,156**	**18,950**	**22,106**	2,081	15,550	17,631
Foundations	**1,244**	**16,526**	**17,770**	605	21,262	21,867
Public funding	**527**	**15,512**	**16,039**	2,169	8,477	10,646
Corporations	**4,140**	**6,545**	**10,685**	3,884	8,927	12,811
Other	**-**	**761**	**761**	-	336	336
Licensing agreements, product sales and other income	**2,198**	**676**	**2,874**	2,003	307	2,310
Investment income, net	**736**	**13,424**	**14,160**	1,548	12,927	14,475
Net assets released from donor restrictions	**127,675**	**(127,675)**	**-**	136,074	(136,074)	-
Total support and revenue	**153,137**	**(1,910)**	**151,227**	160,731	(11,715)	149,016
Expenses:						
Program services:						
Country, regional and ocean	**69,791**	**-**	**69,791**	71,159	-	71,159
Grantmaking divisions	**29,456**	**-**	**29,456**	37,907	-	37,907
Moore Center for Science	**8,548**	**-**	**8,548**	9,062	-	9,062
Policy and Strategy	**6,185**	**-**	**6,185**	3,817	-	3,817
Communications	**5,498**	**-**	**5,498**	5,501	-	5,501
Center for Environmental Leadership in Business	**4,254**	**-**	**4,254**	4,529	-	4,529
Center for Communities and Conservation	**3,489**	**-**	**3,489**	4,409	-	4,409
Total program services	**127,221**	**-**	**127,221**	136,384	-	136,384
Supporting services:						
Management and operations	**11,509**	**-**	**11,509**	10,697	-	10,697
Fundraising	**14,034**	**-**	**14,034**	13,147	-	13,147
Total supporting services	**25,543**	**-**	**25,543**	23,844	-	23,844
Total expenses	**152,764**	**-**	**152,764**	160,228	-	160,228
Changes in net assets before other income and losses	**373**	**(1,910)**	**(1,537)**	503	(11,715)	(11,212)
Other income and losses:						
Loss on translation of affiliate and field office net assets	**-**	**(288)**	**(288)**	-	(861)	(861)
(Loss) gain on translation of grants and pledges receivable	**-**	**(42)**	**(42)**	-	59	59
Changes in net assets	**373**	**(2,240)**	**(1,867)**	503	(12,517)	(12,014)
Net assets:						
Beginning	**17,351**	**299,785**	**317,136**	16,848	312,302	329,150
Ending	**$ 17,724**	**$ 297,545**	**$ 315,269**	$ 17,351	$ 299,785	$ 317,136

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2019 (with Comparative Totals for 2018)
(In Thousands)

	2019										2018
	Country, Regional and Ocean	Grantmaking Divisions	Moore Center for Science	Policy and Strategy	Communications	Center for Environmental Leadership in Business	Center for Communities and Conservation	Management and Operations	Fundraising	Total	Total
Salaries and benefits	$ 35,281	$ 7,369	$ 5,576	$ 3,787	$ 2,867	$ 3,191	$ 2,351	$ 8,294	$ 8,810	$ 77,526	$ 74,712
External grants	8,825	19,090	500	15	64	15	62	-	-	28,571	39,229
Professional services	9,094	1,345	756	1,205	1,816	220	191	1,114	1,983	17,724	18,027
Travel, meetings and events	8,622	680	734	720	248	374	549	858	2,133	14,918	14,289
Occupancy	3,207	649	539	266	356	293	248	230	652	6,440	6,725
Equipment and furniture	3,123	68	242	56	50	36	21	173	91	3,860	3,759
Depreciation and amortization	634	108	118	54	51	56	42	118	89	1,270	1,024
Other expenses	1,005	147	83	82	46	69	25	722	276	2,455	2,463
	$ 69,791	$ 29,456	$ 8,548	$ 6,185	$ 5,498	$ 4,254	$ 3,489	$ 11,509	$ 14,034	$ 152,764	$ 160,228

See notes to consolidated financial statements.

Conservation International Foundation and Affiliates

Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018
(In Thousands)

	2019	2018
Cash flows from operating activities:		
Changes in net assets	$ (1,867)	$ (12,014)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,270	1,024
Loss on disposal of property and equipment	490	2
Net realized and unrealized gain on investments	(9,616)	(11,299)
Net realized and unrealized loss on international retirement savings plan	5	133
Net loss (gain) on translation of foreign denominated grants and promises to give receivable	42	(59)
Decrease in allowance for doubtful grants and promises to give	(180)	(145)
Decrease in discount to present value for grants and promises to give	(201)	(341)
Gain on notes receivable	-	(3)
Cancellations and de-obligations	-	5,011
Changes in assets and liabilities:		
Decrease (increase) in:		
Grants and promises to give	7,067	63,062
Project advances to partners	60	(5,329)
Grant advances	(2,325)	341
Prepaid expenses and other assets	(1,016)	(773)
(Decrease) increase in:		
Accounts payable and accrued expenses	3,370	147
Accrued salaries, vacation and employee benefits	1,344	948
Grants payable	(2,594)	(2,964)
Deferred revenue	10,221	(1,664)
Net cash provided by operating activities	6,070	36,077
Cash flows from investing activities:		
Proceeds from sales of investments	79,451	71,613
Purchases of investments	(83,425)	(98,676)
Purchases of property and equipment	(5,656)	(731)
Sale of land	1,653	-
Collections on notes receivable	120	11
Disbursements on notes receivable	(920)	-
Net cash used in investing activities	(8,777)	(27,783)
Cash flows from financing activities:		
Principal payments on notes payable	(219)	(218)
Net cash used in financing activities	(219)	(218)
Net (decrease) increase in cash and cash equivalents	(2,926)	8,076
Cash and cash equivalents:		
Beginning	69,542	61,466
Ending	$ 66,616	$ 69,542
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 12	$ 13

See notes to consolidated financial statements.

Note 1. Nature of Activities

Nature of activities: Conservation International Foundation and Affiliates (CI) is a nonprofit organization headquartered in Arlington, Virginia, with offices in over 30 countries. The Conservation International Foundation was established in 1987 under the laws of the State of California and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC).

CI works to ensure a healthy and productive planet for us all. People need nature for many things: a stable climate, clean air, fresh water, abundant food, cultural resources and much more. Yet unsustainable economic and infrastructure development can have negative impacts on nature. CI works at every level – from remote villages to the offices of presidents and prime ministers – to help move society toward a smarter development path.

CI focuses its efforts on four areas:

Combating climate change by protecting forests: CI works to reverse the destruction of tropical forests, which equates to more than one-third of the global action needed to avoid the worst climate scenarios.

Creating holistic models of sustainability: CI creates self-sustaining, scalable conservation models within larger geographic landscapes and seascapes, ensuring that humans and nature can thrive together.

Protecting our oceans at scale: CI works to protect the ocean on an unprecedented global scale while balancing ocean production. Its goal is to double the area of protected ocean by 2025.

Innovating science and finance to accelerate conservation: CI works to create and apply science-based evidence and solutions to conservation policies and works to unlock greater investment in nature.

By promoting healthy, sustainable societies, CI helps improve quality of life for people – especially vulnerable populations who are often directly reliant on nature for their survival.

Affiliates: The accompanying consolidated financial statements include the operations of CI-Brazil, CI-Europe in Belgium, CI-Guyana, CI-Hong Kong, CI-Japan, CI-Mexico, CI-New Zealand, CI-Philippines, CI-Singapore, CI-Suriname, CI-UK and Conservation South Africa. All of the aforementioned organizations are separately incorporated in their respective countries. Due to the significant amount of oversight and support (financial and programmatic) provided by CI, their financial activities have been consolidated with CI's financial activities.

Additionally, Conservation International Foundation is the sole member of Conservation International Ventures LLC (CI Ventures). CI Ventures is an investment facility designed to accelerate investment in small and medium enterprises (SMEs) that have the potential to deliver measurable, scalable conservation impact alongside financial returns. In partnership with leading investors, project developers and conservation-oriented entrepreneurs, CI Ventures delivers targeted capacity building, and bridge financing and other resources to de-risk and scale-up investible projects in sustainable land and seascapes. The overarching goal of CI Ventures is to increase the pipeline of high quality, bankable projects that maximize environmental and social outcomes and unlock additional finance for conservation impact. Accordingly, all financial activities of CI Ventures have been consolidated with CI.

Basis of accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Note 2. Significant Accounting Policies

Principles of consolidation: All transactions between Conservation International Foundation and its affiliates have been eliminated in consolidation.

Adopted accounting pronouncement: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14*, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new standard changes presentation and disclosure requirements in order for not-for-profits to provide more relevant information about their resources to donors, grantors, creditors and other financial statement users regarding liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes (net assets with donor restrictions and net assets without donor restrictions), expands disclosures about the nature and amount of any donor restrictions, and requires inclusion of information regarding functional expenses. The ASU was retrospectively adopted by CI during the fiscal year ending June 30, 2019. As permitted by the ASU in the year of adoption, CI has elected to present the analysis of expense by function and nature and the liquidity disclosure for just the year ended June 30, 2019.

Basis of presentation: The consolidated financial statements have been prepared in accordance with the provisions of the FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, which stipulated that net assets, support and revenue are classified into two categories according to donor-imposed restrictions: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions:

> ***Net assets without donor restrictions:*** Net assets without donor restrictions consist of contributions, contract revenue, investment income, and other inflows of assets whose use is not subject to donor imposed stipulations. The Board of Directors may designate a portion of these net assets for a specific purpose; however, these funds are classified as net assets without donor restrictions. Investment income generated by the endowment fund supports training and general CI operations, up to the limits set by the endowment spending policy.
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> ***Net assets with donor restrictions:*** Net assets with donor restrictions include contribution, grant and contract revenue, investment income, and other inflows of assets whose use is subject to donor-imposed stipulations that either expire by the passage of time, will be met by actions of CI pursuant to those stipulations (e.g., usage of specific programs), or requires that the principal must be maintained permanently by CI. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported on the consolidated statement of activities as net assets released from donor restrictions.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

Foreign currency transactions: The consolidated financial statements and transactions of CI's foreign operations are generally maintained in the relevant local currency. Monthly expenses that are incurred by field offices and affiliates in foreign countries are paid at local currency and then translated into U.S. dollars at the rate of exchange in effect during the month of the transaction.

Foreign currency translation: The functional currency of CI is the U.S. dollar. Gains and losses resulting from translations of foreign currencies into U.S. dollars are recognized as other income and losses in the consolidated statements of activities. Where local currencies are used, assets and liabilities are translated into U.S. dollars at the consolidated balance sheet date at the exchange rate in effect on that date.

Note 2. Significant Accounting Policies (Continued)

Allocation of functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Due to the broad responsibilities and cross-functional nature of the executive leadership, their offices are allocated based on estimates of time and effort. Certain costs of the Communications department are also allocated based on estimates of time and effort. Depreciation, information technology, and other office operating costs are allocated based on the number of employees.

Foreign operations: The accompanying consolidated financial statements include the worldwide operations of CI (field and branch offices). At June 30, 2019 and 2018, assets held in foreign countries totaled $19,752,000 and $19,647,000, respectively. The consolidated statements of activities include support and revenue of $11,715,000 and $13,813,000 from foreign country programs for the years ended June 30, 2019 and 2018, respectively.

Cash and cash equivalents: Cash and short-term investments with maturities at dates of purchase of three months or less are classified as cash and cash equivalents, except that any such cash or investments purchased with endowment funds or with management-designated investment funds are classified as investments.

Investments: Investments are carried at estimated fair market value in the consolidated balance sheets. Fair value of investments are estimated based on quoted market prices where available. Investments may include some short-term investments, which consist primarily of money market funds and other short-term investments temporarily held by investment managers.

Investments in investment partnerships are valued at fair value, based on the applicable percentage ownership of the underlying partnership’s net assets as of the measurement date, as determined by CI. In determining fair value, CI utilizes valuations provided by the fund manager of the underlying investment partnerships. The underlying investment partnerships value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment partnerships, which may include private placements and other securities for which prices are not readily available, are determined by CI for the respective investment partnerships and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The fair value of CI’s investments in other investment partnerships generally represents the amount CI would expect to receive if it were to liquidate its investment in the investment partnerships, excluding any redemption charges that may apply. CI may adjust the respective manager’s valuation when circumstances support such an adjustment.

Investment income and net appreciation (depreciation) on investments are reported as follows, when earned:

- As increases (decreases) in net assets with donor restrictions, if the terms of the gift or state law impose restrictions on the current use of the investment income or net appreciation (depreciation).
- As increases (decreases) in net assets without donor restrictions in all other cases.

Note 2. Significant Accounting Policies (Continued)

Concentrations of credit and market risk: CI's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash and cash equivalents, investments and grants and pledges receivable. CI invests its excess cash and cash equivalents and maintains its investments with high-quality financial institutions. CI had $16,097,000 and $12,741,000 of cash and cash equivalents on hand and at financial institutions in foreign countries at June 30, 2019 and 2018, respectively. The majority of the funds invested in foreign countries are uninsured. At times, CI maintains cash balances at financial institutions in the United States in excess of Federal Deposit Insurance Corporation (FDIC) limits. CI has not experienced any losses in such accounts, and management believes the risk in these situations to be minimal. The composition and maturities of investments, as well as investment performance, are regularly monitored by management.

CI invests in common stocks, mutual funds, money market funds, fixed income securities, exchange traded funds, partnerships and private equities. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is possible that changes in risks in the near term could materially affect investment balances and amounts reported in the consolidated financial statements.

Grants, contributions and promises to give: Grants, contributions and promises to give are recognized as support in the year that they are unconditionally received from the donor. They are reported as increases in the appropriate category of net assets. Grants, contributions and promises to give that will not be collected within one year have been discounted at a rate commensurate with the risks involved at the time the gift was pledged, based upon anticipated payment dates. CI has established an allowance for uncollectible pledges in the amount of $462,000 and $642,000 at June 30, 2019 and 2018, respectively. This allowance is mainly based on potential de-obligations of existing restricted pledges. Historically, de-obligations mainly arose in cases where CI has completed the project at less than the full amount of the associated grant, and less frequently, when the donor chooses to discontinue funding for economic or other reasons.

Contributions include in-kind gifts that consisted of donated professional fees, equipment and airfare. The in-kind contributions are recorded at their fair value as of the date the goods or services are provided. In-kind contributions were $1,153,000 and $796,000 for the years ended June 30, 2019 and 2018, respectively.

Notes receivable: Notes are recorded as receivables at face value when the agreement is signed by both parties. Related interest income is recognized as it is earned. An allowance for uncollectible notes is based on an evaluation of the collectability of the principal and interest. There was no allowance for uncollectible notes receivable as of June 30, 2019 or 2018.

Property and equipment: Property and equipment are stated at cost and depreciated on the straight-line basis over their related estimated useful lives, generally three to five years. Assets with a unit cost of $5,000 or more are capitalized. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Leasehold improvements are recorded at cost and are amortized over the lesser of the asset's useful life or the life of the lease. Land and buildings are stated at cost; buildings are depreciated on the straight-line basis over an estimated useful life of 30 years. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss on retirement or disposal of the assets is recorded as revenue or expense.

Note 2. Significant Accounting Policies (Continued)

Impairment of long-lived assets: CI requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Notes payable: Notes payable are recognized as liabilities in the year funds are received from the lender.

Grants payable: For agreements considered to be contributions, grants are recognized as liabilities in the year CI makes the unconditional commitment. For agreements considered to be exchange transactions, the payable is recognized as expenses are incurred by grantees over the reporting period.

Deferred revenue: CI records grant payments received in advance of satisfying the donor-imposed conditions as deferred revenue.

Income taxes: CI is exempt from income taxes under Section 501(c)(3) of the IRC. In addition, CI has been determined by the Internal Revenue Service (IRS) not to be a private foundation. CI is subject to unrelated business income taxes under Section 512 of the IRC; however, in the opinion of management, no provision for income taxes is required to be made.

CI follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, CI may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated CI's tax positions and concluded that CI had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. Generally, CI is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2016.

The aforementioned field offices are organized as tax-exempt entities in their respective countries, with the exception of CI-Guyana. This field office is organized under the Companies Act of Guyana regulations. Its by-laws prohibit the accumulation or distribution of profits.

Reclassification: Certain items within the consolidated statement of activities for the year ended June 30, 2018 have been reclassified to conform to the financial statement presentation for the year ended June 30, 2019. The reclassifications had no effect on the previously reported change in net assets or net assets.

Note 2. Significant Accounting Policies (Continued)

Recent accounting pronouncements: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. This ASU will be effective for CI for the fiscal year ending June 30, 2020. Management is currently evaluating the effect that the standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard will be effective for CI for the fiscal year ending June 30, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. CI is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08*, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The purpose of the ASU is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in the ASU should assist entities in: 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. The amendments in the ASU should be applied on a modified prospective basis, although retrospective application is permitted. Where CI is the resource recipient, the ASU will be effective for the fiscal year ending June 30, 2020. Where CI is a resource provider, the ASU will be effective for the fiscal year ending June 30, 2021. Early adoption is permitted. CI is currently evaluating the impact of the pending adoption of this new standard on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU results in the removal, modification and addition of certain disclosure requirements related to transfers between levels within the fair value hierarchy, valuation processes and unrealized gains/losses presentation for Level 3 measurements, and liquidation timing for investments held at net asset value. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied except for the changes related to Level 3 measurements, which should be applied prospectively. ASU No. 2018-13 will be effective for CI for the fiscal year ending June 30, 2021. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Subsequent events: CI evaluated subsequent events through January 20, 2020, which is the date the consolidated financial statements were available to be issued.

Note 3. Liquidity

CI receives substantial contributions with donor time and purpose restrictions. In addition, CI receives support without donor restrictions; such support has historically represented approximately 18% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

Contributions without donor restrictions, contributions with donor restrictions for use in current activities and programs, investment income without donor restrictions, and earnings appropriated from endowments with donor restrictions and board-designated endowments are considered to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

CI manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining a sufficient level of asset liquidity, and
- Monitoring and maintaining reserves to provide reasonable assurance that long-term grant commitments will continue to be met.

CI regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2019, the following financial assets are available to meet annual operating needs for the upcoming fiscal year (in thousands):

Financial assets at year-end:	
Cash and cash equivalents	$ 66,616
Investments	264,732
Grants and promises to give, net	28,710
Project advances to partners	5,269
Notes receivable, net	1,100
Total financial assets available	366,427
Less amounts not available to be used within one year:	
Investments related to board-designated endowment	12,708
Grants and promises to give due after June 30, 2020	6,015
Project advances to partners due after June 20, 2020	5,269
Notes receivable due after June 30, 2020	300
Deferred revenue to be recognized after June 30, 2020	11,451
Time and purpose restricted net assets released after June 30, 2020	204,067
Perpetual restricted net assets	13,318
	253,128
Financial assets available to meet general expenditures within one year	$ 113,299

CI has various sources of liquidity at its disposal, including cash and cash equivalents, amounts due from donors within one year, and investments in marketable securities. Additionally, CI has a board-designated endowment of $12,708,000 as of June 30, 2019. Although there is no intention to spend from its board-designated endowment funds other than amounts appropriated each year for general expenditures, the amounts from its board-designated endowment could be made available if necessary. Note that the board-designated endowment fund, donor-restricted endowments, and several other investments cannot be redeemed and made available within one year (see Note 4 for disclosures about investments).

Note 4. Investments and Fair Value Measurements

Investment income for the years ended June 30, 2019 and 2018, consists of the following (in thousands):

	2019	2018
Realized and unrealized gain, net	$ 9,616	$ 11,299
Interest and dividends	5,434	4,485
Investment management fees	(890)	(1,309)
	$ 14,160	$ 14,475

The Fair Value Measurement Topic of the FASB ASC establishes a fair value hierarchy that is based on the valuation inputs used in the fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities such as common stocks, mutual funds, money market funds and exchange traded funds.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include fixed income securities, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. CI has no investments classified as Level 3 at June 30, 2019 and 2018.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. CI's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Note 4. Investments and Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30, 2019 (in thousands):

	2019			
Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	$ 9,495	$ -	$ -	$ 9,495
Investments:				
Common stocks:				
Consumer goods	$ 19,388	$ -	$ -	$ 19,388
Industrial goods	6,131	-	-	6,131
Financial Services	5,990	-	-	5,990
Services	1,465	-	-	1,465
Technology	891	-	-	891
Healthcare	548	-	-	548
Basic materials	141	-	-	141
Real estate	55	-	-	55
Total common stocks	34,609	-	-	34,609
Mutual funds:				
Mutli-sector equity funds	27,581	-	-	27,581
Mutli-sector bond funds	81	-	-	81
Total mutual funds	27,662	-	-	27,662
Fixed income:				
Corporate bonds	-	54,060	-	54,060
U.S. government bonds	-	43,317	-	43,317
Municipal bonds	-	13,996	-	13,996
Total fixed income	-	111,373	-	111,373
Other assets:				
Money market funds	7,872	-	-	7,872
Gold exchange traded fund	1,199	-	-	1,199
Total other assets	9,071	-	-	9,071
Total publicly traded securities	71,342	111,373	-	182,715
Other investments measured at net asset value (a)	-	-	-	82,017
	$ 71,342	$ 111,373	$ -	$ 264,732

Note 4. Investments and Fair Value Measurements (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of June 30, 2018 (in thousands):

	2018			
Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	$ 32,209	$ -	$ -	$ 32,209
Investments:				
Common stocks:				
Industrial goods	$ 18,938	$ -	$ -	$ 18,938
Financial services	8,778	-	-	8,778
Services	6,811	-	-	6,811
Consumer goods	3,012	-	-	3,012
Healthcare	834	-	-	834
Technology	593	-	-	593
Basic materials	344	-	-	344
Real estate	-	-	-	-
Total common stocks	39,310	-	-	39,310
Mutual funds:				
Mutli-sector equity funds	36,167	-	-	36,167
Mutli-sector bond funds	61	-	-	61
Total mutual funds	36,228	-	-	36,228
Fixed income:				
Certificates of deposit	-	40,249	-	40,249
Municipal bonds	-	26,802	-	26,802
U.S. government bonds	-	18,373	-	18,373
Corporate bonds	-	917	-	917
Total fixed income	-	86,341	-	86,341
Other assets:				
Money market funds	20,856	-	-	20,856
Gold exchange traded fund	1,068	-	-	1,068
Total other assets	21,924	-	-	21,924
Total publicly traded securities	97,462	86,341	-	183,803
Other investments measured at net asset value (a)	-	-	-	67,344
	$ 97,462	$ 86,341	$ -	$ 251,147

(a) In accordance with ASC Topic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

Note 4. Investments and Fair Value Measurements (Continued)

Alternative investments are less liquid than CI's other investments. The following tables set forth additional disclosures of CI's investments whose fair value is estimated using net asset value per share (or its equivalent) as of June 30, 2019 and 2018.

The following table provides additional information about the investments by strategy (in thousands):

Investment Strategy	Fair Value at June 30, 2019	Fair Value at June 30, 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity (a)	$ 78,082	$ 63,989	$ 17,596	Semi-monthly annually	5-90 days
Fixed income (b)	3,935	3,355	-	N/A	N/A
	$ 82,017	$ 67,344	$ 17,596		

(a) This category includes investments in equities across all sectors and geographic regions, including several long and short hedge funds. The investment strategies of these funds focus on an event or a catalyst that will move an equity price, an equity spread, a credit spread or an implied volatility spread, offering a blend of both growth and value investing styles. Most of the securities underlying the funds are marketable equities. About 80% of the funds have a redemption frequency between weekly to quarterly. The remaining funds can be redeemed annually or at the time of their termination.

(b) This category includes a variety of fixed income investments. It includes investment in a multi-sector fixed-income relative-value fund, as well as investment in secured U.S. middle market secured loans and private debt. The investments held as of June 30, 2019, cannot be liquidated in advance of their natural termination.

Note 5. Grants and Promises to Give Receivable

CI considers grants and promises to give receivable to be collectible within one year, unless otherwise stated by the donor. Unconditional grants and promises to give as of June 30 are due as follows (in thousands):

	2019	2018
Within one year	$ 23,395	$ 27,355
Two to five years	6,015	8,866
Over five years	-	298
Gross grants and promises to give	29,410	36,519
Discount to present value	(238)	(439)
Allowance for doubtful pledges	(462)	(642)
Net grants and promises to give receivable	$ 28,710	$ 35,438

At June 30, 2019 and 2018, $54,000 and $616,000, respectively, had been conditionally pledged to CI. Because of uncertainties with regard to their realization, conditional promises are recognized only if and when the specified conditions are met. As such, these amounts are not reported in the accompanying consolidated balance sheets or consolidated statements of activities.

Note 5. Grants and Promises to Give Receivable (Continued)

CI's grants and promises to give receivable balance include receivables from the federal government, foreign governments and private donors. CI's ten largest contributors during the year ended June 30, 2019, comprised approximately 44% or $66,158,000 of total support and revenue. CI's ten largest contributors during the year ended June 30, 2018, comprised approximately 48% or $71,505,000 of total support and revenue. CI's ten largest grants and promises to give contributor receivable balances, before net present value and allowance for uncollectible pledges, comprised approximately 81% or $23,685,000 at June 30, 2019, and 74% or $27,034,000 at June 30, 2018.

Note 6. Project Advances to Partners

As an accredited implementing agency of the Global Environment Fund (the GEF), CI has entered into a limited partnership agreement in an impact investment fund. The investment objectives of the fund are 1) to generate measurable social and environmental outcomes and provide reasonable financial returns for investors by making debt and equity investments in fishing and seafood-related enterprises and 2) to demonstrate the effectiveness of private capital investment as a catalyst to help coastal fisheries to achieve economic, social, and environmental sustainability.

During the year ended June 30, 2018, CI committed and paid $6,000,000 to the fund, of which $671,000 was deployed as a capital contribution and the balance of $5,329,000 remained as a project advance to the partner. During the year ended June 30, 2019, $60,000 was additionally deployed and the balance of $5,269,000 remained as a project advance to partner.

Note 7. Notes Receivable

CI made loans to small and medium-sized enterprises, which support conservation and conservation-oriented employment in the regions in which CI works. The outstanding notes receivable balance at June 30, 2019, bears interest at rates ranging from 3% to 9.26% and are due between July 2019 and June 2024.

At June 30, 2019 and 2018, notes receivable, less allowance for uncollectible notes, totaled $1,100,000 and $300,000, respectively. The allowance for uncollectible notes at June 30, 2019 and 2018 was $0.

The following schedule shows required future minimum repayments (in thousands):

Year ending June 30:		
2020	$	800
2021		-
2022		-
2023		-
2024		300
	$	1,100

Note 8. Property and Equipment

Property and equipment at June 30, 2019 and 2018, consist of the following (in thousands):

	2019	2018
Furniture and equipment	$ 6,840	$ 8,569
Leasehold improvements	5,463	3,715
Land	131	1,784
Buildings	564	552
	12,998	14,620
Accumulated depreciation and amortization	(6,384)	(10,249)
Net property and equipment	$ 6,614	$ 4,371

Depreciation and amortization expense for the years ended June 30, 2019 and 2018, was $1,270,000 and $1,024,000, respectively. As a result of restructuring and consolidation of CI's office space in Arlington, VA during the fiscal year ended June 30, 2019, $5,337,000 in fixed assets and $4,855,000 in accumulated depreciation were written off and disposed of.

Note 9. Notes Payable

Notes payable at June 30, 2019 and 2018, consist of the following (in thousands):

	2019	2018
L'Agence Française de Développement	$ 547	$ 766

CI entered into note agreements with L'Agence Française de Développement (AFD) to provide loans to small and medium-sized enterprises, which support biodiversity conservation and conservation-oriented employment in the areas where CI works. The remaining loan principal is due between July 2019 and July 2021 and bears interest at a 1.12% rate. The loan agreement has several covenants, including ratios regarding liquidity and debt-to-net assets.

The following schedule shows required future principal payments as of June 30, 2019 (in thousands):

Years ending June 30:	
2020	$ 219
2021	219
2022	109
	$ 547

Interest expense for the years ended June 30, 2019 and 2018, was $11,000 and $12,000, respectively.

Note 10. Grants Payable

CI enters into grant agreements with various domestic and foreign organizations. For agreements considered to be contributions, CI expenses the grant obligation and records the corresponding liability when the grant agreements are signed because the grants are unconditional. For agreements considered to be exchange transactions, CI recognizes the liability based on expenses incurred by grantees over the reporting period. As of June 30, 2019 and 2018, CI's total grant payable were $2,059,000 and $4,653,000, respectively. CI disburses grant funds to grant recipients based upon the recipients' cash needs and does not schedule these payments in advance. CI estimates that the majority of this balance will be paid to recipients within the next fiscal year, so no discount on these payments is calculated.

Note 11. Net Assets

The components of CI's net assets were as follows as of June 30, 2019 and 2018 (in thousands):

	2019	2018
Without donor restrictions:		
Undesignated	$ 5,016	$ 4,792
Board-designated	12,708	12,559
Total net assets without donor restrictions	$ 17,724	$ 17,351
With donor restrictions:		
Time and purpose restriction	$ 284,227	$ 286,467
Perpetual in nature	13,318	13,318
Total net assets with donor restrictions	$ 297,545	$ 299,785

Net assets with donor restrictions are funds with time or purpose stipulations imposed by the donor. During the year ended June 30, 2019, there were $125,765,000 in new funds with donor restrictions and $127,675,000 released from restrictions. These funds also incurred a net loss of $330,000 due to foreign currency translations. These activities resulted in a $297,545,000 net asset with donor restrictions balance as of June 30, 2019, consisting of the following amounts by program (in thousands):

	June 30, 2018	Operating Additions	Operating Releases	Non-Operating Activity	June 30, 2019
Management and operations *	$ 211,040	$ 5,534	$ (9,896)	$ (277)	$ 206,401
Grantmaking divisions	49,321	19,817	(29,706)	(43)	39,389
Country, regional and ocean	28,754	55,918	(55,446)	(8)	29,218
Policy and Strategy	4,396	14,410	(6,826)	-	11,980
Moore Center for Science	2,784	11,297	(8,339)	(2)	5,740
Communications	2,042	9,999	(9,636)	-	2,405
Center for Environmental Leadership in Business	1,126	2,862	(3,035)	-	953
Center for Communities and Conservation	322	5,928	(4,791)	-	1,459
	$ 299,785	$ 125,765	$ (127,675)	$ (330)	$ 297,545

***** This amount is restricted due to time or is unallocated flexible funding for future years.

Note 11. Net Assets (Continued)

During the year ended June 30, 2018, there were $124,359,000 in new funds with donor restrictions and $136,074,000 released from restriction. These funds also incurred a net loss of $802,000 due to foreign currency translations. These activities resulted in a $299,785,000 net asset with donor restrictions balance as of June 30, 2018, consisting of the following amounts by program (in thousands):

	June 30, 2017	Operating Additions	Operating Releases	Non-Operating Activity	Reclassifications	June 30, 2018
Management and operations *	$ 213,453	$ 5,528	$ (7,118)	$ (862)	$ 39	$ 211,040
Grantmaking divisions	54,380	35,749	(40,844)	36	-	49,321
Country, regional and ocean	35,840	49,971	(57,083)	26	-	28,754
Policy and Strategy	-	-	-	-	4,396	4,396
Moore Center for Science	2,689	8,085	(7,988)	(2)	-	2,784
Communications	4	11,770	(9,732)	-	-	2,042
Center for Environmental Leadership in Business	1,511	2,149	(2,534)	-	-	1,126
Center for Communities and Conservation	-	-	-	-	322	322
Other programs	3,149	5,076	(3,790)	-	(4,435)	-
Policy	1,276	6,031	(6,985)	-	(322)	-
	$ 312,302	$ 124,359	$ (136,074)	$ (802)	$ -	$ 299,785

***** This amount is restricted due to time or is unallocated flexible funding for future years.

Note 12. Endowment Funds

Management has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of original donor-restricted contributions as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, CI classifies as donor restricted endowments: (a) the original value of permanently restricted cash contributions and (b) the discounted value of the future perpetually restricted cash contributions. The remaining portion of the donor-restricted cash contributions are classified as net assets with donor restrictions (time and purpose restricted) until those amount are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CI considers the following factors in making a determination to appropriate or accumulate donor-restricted cash contributions:

- The purpose of CI and donor-restricted endowment fund
- The duration and preservation of the fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other available financial resources
- Investment policies

Note 12. Endowment Funds (Continued)

CI's endowment funds consist of the following at June 30, 2019 and 2018 (in thousands):

	2019			
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Perpetual In Nature	Total
Donor-restricted endowment funds	$ -	$ 11,077	$ 13,318	$ 24,395
Board-designated endowment funds	12,708	-	-	12,708
	$ 12,708	$ 11,077	$ 13,318	$ 37,103

	2018			
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Perpetual In Nature	Total
Donor-restricted endowment funds	$ -	$ 10,818	$ 13,318	$ 24,136
Board-designated endowment funds	12,559	-	-	12,559
	$ 12,559	$ 10,818	$ 13,318	$ 36,695

Endowment fund activity for the years ended June 30, 2019 and 2018, consists of the following (in thousands):

	2019			
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Perpetual In Nature	Total
Endowment net assets, beginning of year	$ 12,559	$ 10,818	$ 13,318	$ 36,695
Investment return:				
Interest and dividends	125	240	-	365
Realized and unrealized gains on investments, net	617	1,186	-	1,803
Amounts appropriated for expenditure	(593)	(1,167)	-	(1,760)
Endowment net assets, end of year	$ 12,708	$ 11,077	$ 13,318	$ 37,103

	2018			
	Without Donor Restrictions	With Donor Restrictions		
		Time and Purpose	Perpetual In Nature	Total
Endowment net assets, beginning of year	$ 11,189	$ 9,865	$ 13,317	$ 34,371
Investment return:				
Interest and dividends	98	206	-	304
Realized and unrealized gains on investments, net	854	1,782	-	2,636
Amounts appropriated for expenditure	(513)	(1,035)	-	(1,548)
Contributions	931	-	1	932
Endowment net assets, end of year	$ 12,559	$ 10,818	$ 13,318	$ 36,695

Note 12. Endowment Funds (Continued)

Endowment funds are invested in the following manner as of June 30, 2019 and 2018 (in thousands):

	2019	2018
Common stocks	$ 15,008	$ 17,197
Alternative investments	14,386	12,099
Fixed income	5,287	3,655
Mutual funds	1,223	1,767
Commodities	1,199	1,068
Money market funds	-	909
	$ 37,103	$ 36,695

Investment and spending policies: CI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. CI's spending and investment policies work together to achieve this objective through diversification of asset classes. The current long-term return objective is to generate a return that supports a 5% spending rate, while generating sufficient return to maintain the purchasing power of the corpus of the funds.

To satisfy its long-term rate of return objectives, CI 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). CI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of appropriations annually distributed from CI's various endowed funds for grant making and administration. The current spending policy is to distribute the lesser of the accumulated earnings or 5% of the total endowment assets' average balance of the preceding calendar year. If economic indicators suggest a downturn in investments, CI may choose to reduce the spending percentage to ensure the corpus is preserved.

Annual returns in excess of spending are re-invested in the endowment assets. In the event that an endowment fund experiences investment losses in a particular year, these losses will be attributed to that fund.

Unspent earnings on the endowment fund, net of expenses incurred, totaled $11,077,000 and $10,818,000 at June 30, 2019 and 2018, respectively, and are included in net assets with donor restrictions (time and purpose).

Note 13. Retirement Plans

Eligible U.S. paid employees participate in a defined contribution retirement plan. CI matches employee contributions up to 6% of basic salary. Contributions made by CI during the years ended June 30, 2019 and 2018, amounted to $1,942,000 and $1,844,000, respectively.

CI has established an International Retirement Savings Plan (IRSP) for in-country staff working in CI's field offices. CI adopted the IRSP with an effective participation date of January 1, 2001. In accordance with the IRSP, CI makes annual contributions of 3% of each eligible staff person's annual salary. Contributions for the years ended June 30, 2019 and 2018, were $237,000 and $218,000, respectively. As of June 30, 2019 and 2018, CI's accumulated liability was $1,322,000 and $1,219,000, respectively, which is included in accrued salaries, vacation and employee benefits in the accompanying consolidated balance sheets. An independently managed investment fund accumulating vested and non-vested CI contributions is included within investments in the accompanying consolidated balance sheets.

CI's Board of Directors has established a Section 457(b) supplemental employee retirement plan (the Plan). Under the terms of the Plan, eligible employees elect to deposit a percentage of their compensation into the Plan, subject to IRS limits. Employee deposits and accumulations are accounted for as an asset and offsetting liability on CI's balance sheets until they are distributed to the participants. The amount of deposits and related accumulations were $69,000 and $48,000 at June 30, 2019 and 2018, respectively.

Note 14. Related Party Transactions

During the year ended June 30, 2011, CI-Brazil, an affiliate of CI, entered into a purchase and sale commitment with a related party to sell Rio Negro Comercio, Servicos e Turismo, a property consisting of a lodge situated on 7,647 hectares in the state of Mato Grosso do Sul protected area for the amount of Brazilian Real 7,200,000. The property was appraised by an independent appraiser, and was advertised for sale in a prominent Brazilian newspaper. The sale price was consistent with the appraised price and was the most favorable price offered. Under the terms of the sale, the buyer: (i) may not subdivide the land, (ii) will provide CI-Brazil and other offices of CI the right of first refusal to re-purchase the land in the event that the buyer decides to sell the land and (iii) requires any third-party purchaser not to subdivide the land in the event that CI-Brazil decides not to exercise its right of first refusal to re-purchase the land. Additionally, CI will retain the right to have access to the land for training and research purposes. The execution of the deed of purchase and sale of the land was subject to several conditions. During fiscal year ended 2019, the conditions were met, and the sale was recorded. As of June 30, 2019, the remaining balance due by the buyer, monetarily corrected by Brazilian inflation, was estimated to be Brazilian Real 3,678,000. This final payment was received in November 2019.

During the year ended June 30, 2019, CI continued to support a related party under a services agreement to provide technical and programmatic services while the related party built its capacity as an independent organization. This organization's mission, which CI shares, places a specific focus on ensuring indigenous peoples have the economic power and cultural independence to steward, support, and protect their livelihoods and territories. For the year ended June 30, 2019, CI received $636,000 in contract revenue for services provided and $109,000 in grant revenue for work with indigenous people. At June 30, 2019, there is a remaining related party net receivable balance of $66,000.

Note 15. Commitments and Contingencies

Leases: CI leases office space in Arlington, Virginia; Seattle, Washington; Honolulu, Hawaii; and foreign countries. CI is also obligated under several non-cancelable leases for office equipment. In addition, CI holds land concessions in Guyana.

The lease for CI's Arlington, Virginia headquarters was signed on March 31, 2006, and began on December 1, 2006. On December 26, 2017, an amendment to the lease agreement was signed reducing the rentable square footage occupied by CI and cost per square foot of the lease. Additionally, the term of the lease was extended an additional 15 years, expiring on November 30, 2036.

CI has entered into several noncancelable lease agreements, and the following is a schedule of future minimal payments by year (in thousands):

Years ending June 30:		
2020	$	4,597
2021		4,140
2022		3,002
2023		2,251
2024		2,214
Thereafter		29,442
	$	45,646

Total rent expense for the years ended June 30, 2019 and 2018, was $4,461,000 and $4,648,000, respectively. Rent expense is recorded on a straight-line basis over the entire lease term. Lease incentives, including rent abatements, are being amortized over the remaining life of the lease. The unamortized portion of these incentives is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

U.S. federal grants: CI receives grants from various agencies of the U.S. government. Such grants are subject to audit and periodic reviews by grantor agencies. The ultimate determination of amounts received under the U.S. government grants is based upon the allowance of costs reported to and accepted by the U.S. government as a result of the audits. Until such audits have been accepted by the U.S. government, there exists a potential contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

CI's undrawn letter of credit with the U.S. government at June 30, 2019 and 2018, was $2,567,000 and $3,427,000, respectively. CI draws funds quarterly, based on the prior quarter's spending.

Litigation: CI is involved in various claims and legal actions arising in the ordinary course of business. Based upon information currently available, management believes the ultimate disposition of these matters will not have a material adverse effect on its consolidated financial position, changes in net assets or cash flows.

Self-insured health plan: CI has a self-insured health insurance plan for its employees and their qualifying dependents. CI holds stop-loss insurance coverage, which limits CI's liability to an aggregate maximum claim liability per policy year of $1,000,000 and $150,000 per individual claim. At June 30, 2019 and 2018, CI had medical claims accruals of $281,000 and $296,000, respectively, which are included in accrued salaries, vacation and employee benefits in the accompanying consolidated balance sheets.

Note 16. Analysis of Field Program Expenses

The following is a breakdown by region of country, regional, and ocean program related expenses (in thousands):

	2019	2018
South and Central America	$ 29,616	$ 30,465
Asia Pacific	17,778	18,229
Africa and Madagascar	15,162	14,015
Oceans	5,416	5,494
Greater China	1,819	2,956
	$ 69,791	$ 71,159