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Advisory, Tax
and Assurance

Climate Policy Initiative, Inc.

December 31, 2023

Independent Auditors' Report and
Consolidated Financial Statements



Climate Policy Initiative, Inc.

Independent Auditors' Report and Consolidated Financial Statements

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Independent Auditors' Report

THE BOARD OF DIRECTORS
CLIMATE POLICY INITIATIVE, INC.
San Francisco, California

Opinion

We have audited the consolidated financial statements of **CLIMATE POLICY INITIATIVE, INC. (CPI)** which comprise the consolidated statement of financial position as of December 31, 2023, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of CPI as of December 31, 2023, 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 in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of CPI 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CPI's ability to continue as a going concern for one year from the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

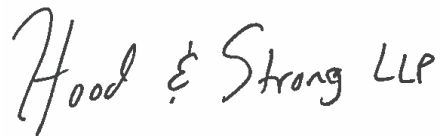
In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 CPI'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 consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CPI'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.

Report on Summarized Comparative Information

We have previously audited CPI's December 31, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Hood & Strong LLP". The signature is written in a cursive, flowing style.

San Francisco, California
June 26, 2024

Climate Policy Initiative, Inc.

Consolidated Statement of Financial Position

<i>December 31, 2023 (with comparative totals for 2022)</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 20,131,946	\$ 15,443,965
Grants and accounts receivable	4,553,713	4,546,752
Investments	10,247,878	7,034,601
Prepaid expenses and other assets	419,177	470,842
Operating right-of-use lease assets	123,117	184,262
Fixed assets, net	32,383	
Total assets	\$ 35,508,214	\$ 27,680,422
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 413,276	\$ 490,215
Payroll related accrued expenses	576,938	418,790
Operating lease liabilities	127,376	184,262
Refundable advances	43,673	58,982
Deferred revenue	783,222	1,102,052
Total liabilities	1,944,485	2,254,301
Net Assets:		
Without donor restrictions	21,298,980	15,139,445
With donor restrictions	12,264,749	10,286,676
Total net assets	33,563,729	25,426,121
Total liabilities and net assets	\$ 35,508,214	\$ 27,680,422

See accompanying notes to the consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2023 (with comparative totals for 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and Support:				
Contribution revenue	\$ 1,317,600	\$ 11,070,617	\$ 12,388,217	\$ 9,452,129
Domestic and foreign government grant revenue	2,093,063	3,053,327	5,146,390	5,445,770
Consulting revenue	4,149,652		4,149,652	2,714,205
Investment income (loss), net	454,650	26,090	480,740	(100,499)
Other income	79,498		79,498	64,690
Net assets released from restrictions	12,171,961	(12,171,961)	-	-
Total revenue and support	20,266,424	1,978,073	22,244,497	17,576,295
Expenses:				
Program services	13,759,025		13,759,025	12,388,023
Management and general	558,379		558,379	594,323
Fundraising and development	292,036		292,036	269,850
Total expenses	14,609,440	-	14,609,440	13,252,196
Change in Net Assets Before Other Changes in Net Assets	5,656,984	1,978,073	7,635,057	4,324,099
Other Changes in Net Assets:				
Unrealized and realized gain (loss) on foreign currency exchange (Note 10)	502,551		502,551	(397,778)
Total other changes in net assets	502,551	-	502,551	(397,778)
Change in Net Assets	6,159,535	1,978,073	8,137,608	3,926,321
Net Assets, beginning of year	15,139,445	10,286,676	25,426,121	21,499,800
Net Assets, end of year	\$ 21,298,980	\$ 12,264,749	\$ 33,563,729	\$ 25,426,121

See accompanying notes to the consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023 (with comparative totals for 2022)

	Program Services							2023 Total	2022 Total
	Climate Finance			Brazil	Subtotal	Management and general	Fundraising and development		
	U.S. and UK	India	Indonesia	Policy Center					
Salaries and benefits	\$ 5,009,006	\$ 1,266,488	\$ 652,132	\$ 1,441,891	\$ 8,369,517	\$ 745,151	\$ 230,876	\$ 9,345,544	\$ 7,467,599
Professional services	1,626,927	955,470	83,662	502,725	3,168,784	256,795		3,425,579	3,809,372
Subcontract expenses					-	4,808		4,808	609,352
Travel and meetings	252,623	118,567	36,592	96,661	504,443	79,633		584,076	359,368
Rent					-	297,185		297,185	263,767
Office and telecommunications	105,168	27,009	8,077	6,958	147,212	353,811		501,023	392,754
Information technology	49,249	6,667	607	13,930	70,453	207,318		277,771	187,931
Publications and data	42,237	5,689		3,563	51,489	9,550		61,039	125,661
Depreciation and amortization					-	5,070		5,070	521
Taxes					-	107,345		107,345	35,871
Subtotal	7,085,210	2,379,890	781,070	2,065,728	12,311,898	2,066,666	230,876	14,609,440	13,252,196
Allocation of support costs:									
Salaries and benefits	322,213	18,157	19,717	36,287	396,374	(411,277)	14,903	-	-
Travel and meetings	53,935	3,805	1,690	760	60,190	(72,821)	12,631	-	-
Professional services	23,117	4,864	56,876	48,578	133,435	(149,704)	16,269	-	-
Subcontract expenses		4,808			4,808	(4,808)		-	-
Rent	136,323	60,981	26,680	52,399	276,383	(282,327)	5,944	-	-
Office and telecommunications	111,733	70,228	39,447	40,925	262,333	(269,409)	7,076	-	-
Information technology	124,753	28,683	8,367	30,122	191,925	(196,071)	4,146	-	-
Publications and data	615	1,590	5,741	1,318	9,264	(9,455)	191	-	-
Depreciation and amortization		5,070			5,070	(5,070)		-	-
Taxes		102,671	4,674		107,345	(107,345)		-	-
Subtotal - allocation of support costs	772,689	300,857	163,192	210,389	1,447,127	(1,508,287)	61,160	-	-
Total	\$ 7,857,899	\$ 2,680,747	\$ 944,262	\$ 2,276,117	\$ 13,759,025	\$ 558,379	\$ 292,036	\$ 14,609,440	\$ 13,252,196

See accompanying notes to the consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Cash Flows

<i>Year Ended December 31, 2023 (with comparative totals for 2022)</i>	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 8,137,608	\$ 3,926,321
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,070	521
Unrealized (gain) loss on investments	(11,140)	256,207
Amortization of operating right-of-use leased assets	103,150	41,040
Changes in assets and liabilities:		
Grants and accounts receivable	(6,961)	(2,944,972)
Prepaid expenses and other assets	51,665	(265,155)
Accounts payable and accrued expenses	81,209	(109,271)
Operating lease liabilities	(98,891)	(38,064)
Refundable advances	(15,309)	58,982
Deferred revenue	(318,830)	(56,584)
Net cash provided by operating activities	7,927,571	869,025
Cash Flows from Investing Activities:		
Sales of investments	920,198	610,146
Purchases of investments	(4,122,335)	(2,767,444)
Purchases of fixed assets	(37,453)	
Net cash used in investing activities	(3,239,590)	(2,157,298)
Change in Cash and Cash Equivalents	4,687,981	(1,288,273)
Cash and Cash Equivalents, beginning of year	15,443,965	16,732,238
Cash and Cash Equivalents, end of year	\$ 20,131,946	\$ 15,443,965
Non-Cash from Operating, Investing and Finance Activities		
Right-of-use asset financed by operating lease liability	\$ 42,005	\$ 216,154
Supplemental Disclosure of Cash Activities		
Cash paid under operating right-of-use leases	\$ 101,485	\$ 44,641

See accompanying notes to the consolidated financial statements.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Note 1 - Organization:

Climate Policy Initiative, Inc. (CPI), established in 2009, is a not-for-profit policy effectiveness analysis and advisory organization that assesses, diagnoses, and supports international efforts to achieve low carbon growth in both the developed and the developing world. Headquartered in San Francisco, CPI has offices in Washington, D.C., and London, United Kingdom, as well as affiliated offices in Rio de Janeiro, Brazil, New Delhi, India, and Jakarta, Indonesia.

CPI established the following entities to further its programmatic initiatives:

Climate Policy Initiative India Private Limited, an India-based corporation pursuant to sub-section (2) of the section 7 of the Companies Act, 2013 and rule 8 of the Companies Incorporation Rules, 2014. Climate Policy Initiative India Private Limited was established for operations in India and is solely owned by Climate Policy Initiative.

Climate Policy Foundation, an Indian nonprofit organization pursuant to sub-section (2) of the section 7 of the Companies Act, 2013 (18 of 2013) and rule 18 of the Companies (Incorporation) Rules, 2014. The Climate Policy Foundation is currently inactive and is in the process of being dissolved.

Yayasan Cendikia Pereubahan Iklim Indonesia (CPI Indonesia), a foundation established under the laws of the Republic of Indonesia. CPI Indonesia was established for operations in Indonesia and CPI has both control and an economic interest in CPI Indonesia.

The accompanying consolidated financial statements include all the amounts and operations of Climate Policy Initiative, Climate Policy Initiative India Private Limited, Climate Policy Foundation, and CPI Indonesia (collectively CPI).

CPI's primary programs include:

Climate Finance

CPI's Climate Finance program is known for tracking sustainable investment trends, identifying innovative business models, and supporting the solutions that can drive a transition to a low carbon, climate resilient economy. CPI conducts the most comprehensive mapping of climate finance flows available and convenes public and private stakeholders to design and implement innovative financial instruments through The Global Innovation Lab for Climate Finance. CPI also works with governments, companies, investors, and foundations around the world to assess, test, and replicate their policies, programs, and investments. The work ensures that resources are spent as effectively as possible.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Brazil Policy Center

The Brazil Policy Center combines rigorous economic, institutional, and legal analysis to identify areas for improving public policies and provides concrete recommendations on how to reconcile economic development with environmental conservation. CPI works closely with government agencies and civil society to chart paths for improvement. CPI's Brazil Policy Center focuses on strategic areas, including Climate Law and Governance, Conservation, Energy, Financial Instruments, Infrastructure, and Sustainable Agriculture and is based out the Pontifical Catholic University of Rio de Janeiro (PUC-Rio).

Note 2 - Summary of Significant Accounting Policies:

Basis of Presentation and Description of Net Assets

The accompanying consolidated financial statements are presented on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). CPI reports information regarding its financial position and activities according to two classes of net assets:

Net Assets without donor restrictions – the portion of net assets not subject to time or donor-imposed restrictions which may be expended for any purpose in performing the primary objective of CPI.

Net Assets with donor restrictions – the portion of net assets the use of which by CPI is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of CPI.

Principles of Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation. Climate Policy Initiative India Private Limited has a fiscal year ending March 31st and CPI Indonesia has a fiscal year ending December 31st. These consolidated financial statements include activities for Climate Policy Initiative India Private Limited and CPI Indonesia for the twelve months ended December 31, 2023 and 2022.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and interest-bearing savings accounts. At December 31, 2023 and 2022, CPI held \$0 and \$484,051, respectively, in cash restricted for the use of the Norwegian Ministry of Foreign Affairs grants.

Grants and Accounts Receivable

Grants and accounts receivable consist primarily of commitments made by governmental entities, nonprofits and foundations. Long-term receivables are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using market rates applicable in the year in which those promises are received.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Investments

Investments include certificates of deposits recorded at cost and other investments reported at fair value. Changes in fair values as well as realized gains and losses are reflected in the Consolidated Statement of Activities and Changes in Net Assets. Dividend and interest income are accrued when earned. Fair values are generally provided by using quoted market prices.

Leases

CPI determines whether an arrangement is or includes a lease and categorizes leases as either operating or finance leases at their commencement. Operating right-of-use lease assets represent CPI's right to use an underlying asset during the lease term and operating lease liabilities represent CPI's obligation to make payments arising from those leases. Operating lease assets and operating lease liabilities are included on the Statement of Financial Position. CPI does not have any financing leases.

Operating right-of-use lease assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The discount rate used to derive the present value is based on the rate implicit in the lease, or, in the absence of a rate implicit in the lease, a risk-free rate which is aligned with the lease term at the lease commencement date. CPI accounts for lease and non-lease components as a single lease component. Renewal periods are included in calculating the right-of-use assets and liabilities when they are reasonably certain of exercise. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. CPI made an accounting policy election not to recognize lease assets and liabilities for leases with a term of 12 months or less.

Fair Value Measurements

CPI carries certain assets and liabilities at fair value. 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. CPI classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar securities and quoted prices in inactive markets.

Level 3 - Inputs are unobservable and reflect CPI's determination of assumptions that market participants might reasonably use in valuing the securities.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Fixed Assets

Furniture, equipment, software, and leasehold improvements are stated at cost less accumulated depreciation and amortization. Assets with an acquisition value greater than \$5,000 are capitalized. Items purchased which do not meet this criterion are expensed.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally between three and five years. Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the improvements.

Revenue Recognition

Grants and contributions are recognized as revenue when received or unconditionally promised. CPI reports contributions as increases in net assets with donor restrictions if such grants and contributions are received with donor stipulations that limit the use or timing of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

CPI uses the allowance method to account for uncollectible contributions. The reserve against contributions receivable is based on historical experience and an evaluation of the outstanding receivables at year end. Management has determined that an allowance for uncollectible receivables was not necessary at December 31, 2023 and 2022.

Contract revenue primarily represents earnings on professional service contracts and is recognized when CPI incurs the expenditures related to the required services and as performance obligations are satisfied. Amounts billed or received in advance are recorded as deferred revenue until the related services are performed.

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2023:

Deferred revenue, beginning of year	\$ 1,102,052
Revenue recognized	(364,340)
Increase due to cash received	45,510
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Deferred revenue, end of year	\$ 783,222

Functional Expense

The costs of providing various programs and activities have been summarized on a functional basis in the Consolidated Statement of Activities and Changes in Net Assets. Expenses such as salaries, benefits, and office supplies are allocated among program, general and administrative, and fundraising based on timekeeping records and on estimates made by CPI's management. Operational and depreciation expenses have been allocated on the basis of square footage.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Tax Status

CPI is recognized by the Internal Revenue Service as an organization exempt from income taxes on related activities under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

Climate Policy Initiative India Private Limited is a taxable entity in India. Any tax liabilities are accounted for in the consolidated financial statements. There was no liability for taxes at December 31, 2023.

CPI Indonesia is a nonprofit foundation established under the laws of the Republic of Indonesia. CPI Indonesia is subject to income tax on profits derived from consulting service income. In 2023, there was no liability arising from profits on services and no liability for taxes at December 31, 2023.

As of December 31, 2023, management has evaluated CPI's tax positions and concluded that CPI had maintained its tax-exempt status and has no uncertain tax positions that require adjustment to the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Information and Reclassifications

The consolidated financial statements include certain comparative prior year information which is presented in total but not by net asset class. Accordingly, such information should be read in conjunction with CPI's consolidated financial statements for the year ended December 31, 2022, from which the summarized information is derived.

Certain reclassifications have been made to the 2022 consolidated financial statements in order to conform to the 2023 presentation. These reclassifications had no effect on net assets or changes in net assets.

Subsequent Events

CPI evaluated subsequent events with respect to the consolidated financial statements for the year ended December 31, 2023 through June 26, 2024, the date the consolidated financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Note 3 - Grants and Accounts Receivable:

Grants and accounts receivable are expected to be received as follows as of December 31, 2023:

Year Ending	
December 31,	
2024	\$ 4,513,713
2025	40,000
	<hr/>
	\$ 4,553,713

CPI recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The following is a roll-forward of conditional grants, for which future payments are contingent upon meeting specific milestones and incurring expenses related to the projects, therefore they are not recognized in the consolidated financial statements:

Balance as of December 31, 2022	\$ 7,402,410
Conditional grants received during 2023	24,975,103
Revenue recognized for conditions met during 2023	(11,651,629)
Cancelled grants	(38,790)
	<hr/>
Balance as of December 31, 2023	\$ 20,687,094

A portion of CPI's revenue is derived from cost-reimbursable U.S. federal contracts and grants, which are conditioned upon certain performance requirements and/or incurring qualifying expenses. Amounts received are recognized as revenue when CPI has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statement of Financial Position. Amounts earned as of December 31, 2023 are included in grants and accounts receivable. CPI has been awarded a cost reimbursable grant of approximately \$3,413,000 that was not recognized at December 31, 2023 because qualifying expenditures had not yet been incurred.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Note 4 - Investments and Fair Value Measurement:

Investments

Investments, measured at cost and fair value, consisted of the following at December 31:

	2023	2022
Cash and cash equivalents	\$ 10,324	\$ 10,095
Certificate of deposit	8,141,674	5,013,792
Fixed income:		
U.S. Treasury notes	1,612,190	1,420,595
Corporate and foreign bonds	483,690	521,622
Collateralized mortgage notes		68,497
Total investments	\$ 10,247,878	\$ 7,034,601

Fair Value Measurement

Investments in money market funds and U.S. Treasury notes are valued under the fair value hierarchy using Level 1 inputs. CPI's investments in bonds and mortgage notes are classified as Level 2 under the fair value hierarchy. Certificates of deposit are not subject to fair value measurements as they do not meet the definition of a security.

Note 5 - Net Assets With Donor Restrictions:

Net assets with donor restrictions were comprised of the following as of December 31:

	2023	2022
Climate Finance - India	\$ 4,192,300	\$ 7,559,648
Climate Finance - US and UK	5,418,494	642,665
Brazil Policy Center	1,785,187	1,264,352
Climate Finance - Indonesia	868,768	820,011
Total	\$ 12,264,749	\$ 10,286,676

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Net assets were released from restrictions as follows during the years ended December 31:

	2023	2022
Climate Finance - India	\$ 4,295,043	\$ 2,764,976
Climate Finance - US and UK	4,832,121	4,268,271
Brazil Policy Center	2,310,985	2,551,796
Climate Finance - Indonesia	733,812	390,275
Total	\$ 12,171,961	\$ 9,975,318

Note 6 - Availability of Financial Assets and Liquidity:

CPI's financial assets available for general expenditures within one year of the Consolidated Statement of Financial Position date were as follows:

Financial assets at year end:	
Cash and cash equivalents	\$ 20,131,946
Grants and accounts receivable	4,553,713
Investments	10,247,878
Total financial assets	34,933,537
Less amounts not available to be used within one year:	
Net assets with donor restrictions, including long-term receivables	(12,264,749)
Add amounts available to be used within one year:	
Net assets with donor restrictions to be met in less than a year	8,734,908
Financial assets available to meet general expenditures within one year	\$ 31,403,696

As part of its liquidity plan, CPI invests excess cash in short-term investments, including money market funds, certificates of deposit, U.S. Treasury notes, and corporate bonds as disclosed in Note 4.

Note 7 - Operating Leases:

CPI leases its office space and office equipment under non-cancelable operating lease agreements that expire in various periods through 2025.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Maturities of the operating lease liabilities are as follows:

Year Ending	
December 31,	
2024	\$ 116,080
2025	20,793
Total lease payments	136,873
Less discount to present value	(9,497)
Present value of lease liabilities	\$ 127,376

The weighted average remaining lease term as of December 31, 2023 was approximately 1.3 years. The weighted average discount rate as of December 31, 2023 was approximately 5.3%.

Rent expense for the years ended December 31, 2023 and 2022 was \$297,185 and \$263,767, respectively.

Note 8 - Employee Benefit Plan:

CPI maintains a defined contribution retirement plan for all eligible employees. CPI matches employee contributions up to a maximum of six percent of gross earnings, which vests immediately. Total contribution from CPI for the years ended December 31, 2023 and 2022 were \$302,073 and \$238,071, respectively.

Note 9 - Concentration of Credit Risk:

CPI has identified its financial instruments which are potentially subject to credit risk. These financial instruments consist principally of cash and contributions receivable. As of December 31, 2023, CPI had balances in various operating bank accounts in excess of federally insured limits of approximately \$13,715,000, approximately \$4,624,000 in excess of UK Financial Services Compensation Scheme insurance, approximately \$62,000 in excess of Deposit Insurance and Credit Guarantee Corporation in India, and approximately \$996,000 in excess of Indonesia Deposit Insurance Corporation.

A high concentration of CPI's revenue is derived from grant income; two grantors and three grantors represented approximately 21% and 41% of CPI's total revenue in the years ended December 31, 2023 and 2022, respectively.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

Note 10 - Foreign Currency Exchange:

CPI has three foreign offices and one foreign-based affiliate, the financial records of which are kept in the local currencies. Their statement of financial position accounts are translated at the exchange rates existing at the statement of financial position date, and their statement of activities and changes in net assets accounts are translated at the average exchange rate for the year. Total unrealized and realized gains or losses on foreign currency exchange of \$502,551 in gains for 2023 and \$397,778 in losses for 2022.

Note 11 - Affiliated Organization:

As of January 2011, CPI entered into a partnership with Pontificia Universidade Catolica de Rio de Janeiro to create a research group called Climate Policy Initiative Rio de Janeiro (CPI Rio de Janeiro). The focus of the research group is the analysis of regulatory and financing policies related to climate protection and low carbon development in Brazil. CPI, through a cooperation agreement with Pontificia Universidade Catolica provides funding to cover the activities of CPI Rio de Janeiro. Total funding provided to CPI Rio de Janeiro was approximately \$1,026,000 and \$968,000 during 2023 and 2022, respectively. The expenses are a component of the Consolidated Statement of Functional Expenses.

Note 12 - Stichting IKEA Foundation Grant:

On August 12, 2022, CPI entered into a grant with the Stichting IKEA Foundation with Grant Reference Number: G-2112-02076. The grant funds a CPI project on an India PURE Finance Facility (IPFF), a private sector-led project preparatory facility managed by CPI supporting promising productive use of renewable energy (PURE) applications in India, that seek to simultaneously address challenges in carbon emissions, energy security and livelihood generation.

Climate Policy Initiative, Inc.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023, the activity of the project was as follows:

Grant commitment by Stichting IKEA Foundation	\$ 1,500,000
Payments received from July 1, 2022 to December 31, 2023	(1,027,471)
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Balance remaining on grant commitment as of December 31, 2023	\$ 472,529
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Expenses:	
Personnel	119,828
Professional Fees	298,370
Travel	7,214
Outreach & events/workshops	9,340
Website development costs	24
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Total direct costs	434,776
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Overhead (15%)	65,216
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Total expenses	\$ 499,992

The expenses are a component of the Consolidated Statement of Functional Expenses.

Note 13 - United Kingdom Foreign, Commonwealth & Development Office Grant:

On March 30, 2023, CPI entered into a grant with the United Kingdom's Foreign, Commonwealth & Development Office (FCDO) with Grant Project Number: 301554. The grant funds a CPI project on rapidly scaling-up the finance needed to shift to low-carbon, climate-resilient and nature-positive agriculture and food systems globally.

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Notes to the Consolidated Financial Statements

For the year ended December 31, 2023, the activity of the project was as follows:

	GBP	USD
Grant commitment by FCDO	£ 5,000,000	\$ 6,264,477
Payments received from April 1, 2023 to December 31, 2023	(705,761)	(884,245)
Balance remaining on grant commitment as of December 31, 2023	£ 4,294,239	\$ 5,380,232
Expenses:		
Personnel	£ 502,290	\$ 629,317
Consultants	93,708	117,406
Travel	17,794	22,294
Events Cost	5,987	7,501
Internet Technology	26,671	33,416
Office Costs	1,912	2,395
Total direct costs	648,362	812,329
Overhead (5.3%)	34,363	43,053
Total expenses	£ 682,725	\$ 855,382

The expenses are a component of the Consolidated Statement of Functional Expenses.