

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Council on Foreign Relations, Inc.**

June 30, 2025 and 2024

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of  
Council on Foreign Relations, Inc.

### Opinion

We have audited the financial statements of Council on Foreign Relations, Inc. ("CFR"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CFR as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CFR and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CFR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CFR'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.



New York, New York  
October 3, 2025

**Council on Foreign Relations, Inc.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30,**

|  | <b>2025</b>               | <b>2024</b>               |
|--|---------------------------|---------------------------|
| <b>ASSETS</b>  |                           |                           |
| Cash and cash equivalents (Notes 2 and 12)                                       | \$ 53,781,800             | \$ 62,000,300             |
| Accounts receivable, net (Notes 2 and 12)  | 3,135,800                 | 3,215,400                 |
| Prepaid expenses and inventory (Note 2)  | 2,048,500                 | 1,992,100                 |
| Grants and contributions receivable, net (Notes 2 and 4)                         | 20,346,300                | 22,242,100                |
| Contributions receivable for endowment, net (Notes 2, 4, and 10)                 | 6,702,000                 | 9,275,400                 |
| Investments (Notes 2, 3, 11 and 12)  | 671,993,900               | 599,758,700               |
| Land, buildings and building improvements, and equipment,<br>net (Notes 2 and 5) | <u>58,704,900</u>         | <u>57,037,700</u>         |
| <br>Total assets   | <br><u>\$ 816,713,200</u> | <br><u>\$ 755,521,700</u> |
| <b>LIABILITIES</b>   |                           |                           |
| Accounts payable and accrued expenses  | \$ 10,078,500             | \$ 9,978,400              |
| Deferred revenue (Note 2)  | 8,072,900                 | 7,456,200                 |
| Accrued postretirement benefits (Note 7)   | 3,915,000                 | 3,725,000                 |
| Bonds payable (Note 8)   | <u>39,890,000</u>         | <u>42,205,000</u>         |
| <br>Total liabilities  | <br><u>61,956,400</u>     | <br><u>63,364,600</u>     |
| <b>Commitments (Note 12)</b>   |                           |                           |
| <b>Net assets (Note 2)</b>   |                           |                           |
| Without donor restrictions   | 167,646,200               | 148,302,900               |
| With donor restrictions (Notes 9 and 10)   | <u>587,110,600</u>        | <u>543,854,200</u>        |
| <br>Total net assets   | <br><u>754,756,800</u>    | <br><u>692,157,100</u>    |
| <br>Total liabilities and net assets   | <br><u>\$ 816,713,200</u> | <br><u>\$ 755,521,700</u> |

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

**Council on Foreign Relations, Inc.**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2025**

|   | <b>Net Assets<br/>Without Donor<br/>Restrictions</b> | <b>Net Assets<br/>With Donor<br/>Restrictions</b> | <b>Total</b>       |
|---|--|---|--------------------|
| <b>Operating revenue and support</b>                                      |  |   |                    |
| Membership dues   | \$ 10,812,700  | \$ -  | \$ 10,812,700      |
| Annual giving   | 11,165,600   | -   | 11,165,600         |
| Corporate memberships and related income                                  | 7,019,100  | -   | 7,019,100          |
| Grants and contributions  | 3,830,600  | 26,091,300  | 29,921,900         |
| <i>Foreign Affairs</i> publications (Note 2)                              | 12,419,100   | -   | 12,419,100         |
| Investment return used for current operations (Note 3)                    | 8,561,500  | 20,520,500  | 29,082,000         |
| Rental income   | 1,455,000  | -   | 1,455,000          |
| Miscellaneous   | 389,700  | -   | 389,700            |
| Net assets released from restrictions (Note 9)                            | 43,213,200   | (43,213,200)                                      | -                  |
| <br>Total operating revenue and support                                   | <br>98,866,500                                       | <br>3,398,600                                     | <br>102,265,100    |
| <b>Operating expenses</b>   |  |   |                    |
| Program expenses:   |  |   |                    |
| Studies program   | 35,382,000   | -   | 35,382,000         |
| NY meetings   | 2,302,700  | -   | 2,302,700          |
| DC programs   | 2,544,300  | -   | 2,544,300          |
| <i>Foreign Affairs</i> publications                                       | 13,733,100   | -   | 13,733,100         |
| National program  | 1,900,300  | -   | 1,900,300          |
| Outreach program  | 2,304,600  | -   | 2,304,600          |
| Term member   | 848,800  | -   | 848,800            |
| Digital content   | 11,966,700   | -   | 11,966,700         |
| Education program   | 4,017,700  | -   | 4,017,700          |
| Membership  | 2,444,300  | -   | 2,444,300          |
| Global board of advisors  | 114,600  | -   | 114,600            |
| <br>Total program expenses  | <br>77,559,100                                       | <br>-   | <br>77,559,100     |
| <b>Supporting services</b>  |  |   |                    |
| Fundraising:  |  |   |                    |
| Development   | 3,199,600  | -   | 3,199,600          |
| Corporate program   | 2,450,500  | -   | 2,450,500          |
| <br>Total fundraising   | <br>5,650,100  | <br>-   | <br>5,650,100      |
| Management and general  | 14,901,500   | -   | 14,901,500         |
| <br>Total supporting services   | <br>20,551,600                                       | <br>-   | <br>20,551,600     |
| <br>Total operating expenses  | <br>98,110,700                                       | <br>-   | <br>98,110,700     |
| <br>Excess of operating revenue and support over operating expenses       | <br>755,800  | <br>3,398,600                                     | <br>4,154,400      |
| <b>Nonoperating activities (Note 2)</b>                                   |  |   |                    |
| Investment gain in excess of spending rate (Notes 2 and 3)                | 13,152,400   | 39,256,600  | 52,409,000         |
| Endowment contributions (Note 4)  | 6,444,600  | 601,200   | 7,045,800          |
| Change in value of interest-rate swap agreement (Notes 2 and 8)           | (702,200)  | -   | (702,200)          |
| Other   | (117,300)  | -   | (117,300)          |
| Postretirement changes other than net periodic and service costs (Note 7) | (190,000)  | -   | (190,000)          |
| <br>Total nonoperating activities   | <br>18,587,500                                       | <br>39,857,800                                    | <br>58,445,300     |
| <b>CHANGES IN NET ASSETS</b>  |  |   |                    |
| <br>Net assets, beginning of year   | <br>148,302,900                                      | <br>543,854,200                                   | <br>692,157,100    |
| <br>Net assets, end of year   | <br>\$ 167,646,200                                   | <br>\$ 587,110,600                                | <br>\$ 754,756,800 |

The accompanying notes are an integral part of this financial statement.

**Council on Foreign Relations, Inc.**

**STATEMENT OF ACTIVITIES**

**Year ended June 30, 2024**

|   | <b>Net Assets<br/>Without Donor<br/>Restrictions</b> | <b>Net Assets<br/>With Donor<br/>Restrictions</b> | <b>Total</b>       |
|---|--|---|--------------------|
| <b>Operating revenue and support</b>                                      |  |   |                    |
| Membership dues   | \$ 9,904,500   | \$ -  | \$ 9,904,500       |
| Annual giving   | 10,335,000   | -   | 10,335,000         |
| Corporate memberships and related income                                  | 6,569,500  | 156,000   | 6,725,500          |
| Grants and contributions  | 6,411,600  | 18,404,800  | 24,816,400         |
| <i>Foreign Affairs</i> publications (Note 2)                              | 12,220,500   | -   | 12,220,500         |
| Investment return used for current operations (Note 3)                    | 7,929,200  | 19,545,900  | 27,475,100         |
| Rental income   | 1,306,800  | -   | 1,306,800          |
| Miscellaneous   | 1,182,800  | -   | 1,182,800          |
| Net assets released from restrictions (Note 9)                            | 34,816,000   | (34,816,000)                                      | -                  |
| <br>Total operating revenue and support                                   | <br>90,675,900                                       | <br>3,290,700                                     | <br>93,966,600     |
| <b>Operating expenses</b>   |  |   |                    |
| Program expenses:   |  |   |                    |
| Studies program   | 32,332,700   | -   | 32,332,700         |
| NY meetings   | 2,049,400  | -   | 2,049,400          |
| DC programs   | 2,440,600  | -   | 2,440,600          |
| <i>Foreign Affairs</i> publications                                       | 13,836,700   | -   | 13,836,700         |
| National program  | 2,053,000  | -   | 2,053,000          |
| Outreach program  | 2,278,900  | -   | 2,278,900          |
| Term member   | 770,300  | -   | 770,300            |
| Digital content   | 5,198,700  | -   | 5,198,700          |
| Education program   | 4,817,900  | -   | 4,817,900          |
| Membership  | 2,562,700  | -   | 2,562,700          |
| Global board of advisors  | 96,900   | -   | 96,900             |
| <br>Total program expenses  | <br>68,437,800                                       | <br>-   | <br>68,437,800     |
| <b>Supporting services</b>  |  |   |                    |
| Fundraising:  |  |   |                    |
| Development   | 3,483,100  | -   | 3,483,100          |
| Corporate program   | 2,149,200  | -   | 2,149,200          |
| <br>Total fundraising   | <br>5,632,300  | <br>-   | <br>5,632,300      |
| Management and general  | 15,978,800   | -   | 15,978,800         |
| <br>Total supporting services   | <br>21,611,100                                       | <br>-   | <br>21,611,100     |
| <br>Total operating expenses  | <br>90,048,900                                       | <br>-   | <br>90,048,900     |
| <br>Excess of operating revenue and support over operating expenses       | <br>627,000  | <br>3,290,700                                     | <br>3,917,700      |
| <b>Nonoperating activities (Note 2)</b>                                   |  |   |                    |
| Investment gain in excess of spending rate (Notes 2 and 3)                | 4,855,400  | 20,578,300  | 25,433,700         |
| Endowment contributions (Note 4)  | -  | 7,686,400   | 7,686,400          |
| Change in value of interest-rate swap agreement (Notes 2 and 8)           | 733,000  | -   | 733,000            |
| Other   | (164,100)  | (33,300)  | (197,400)          |
| Postretirement changes other than net periodic and service costs (Note 7) | 55,000   | -   | 55,000             |
| <br>Total nonoperating activities   | <br>5,479,300  | <br>28,231,400                                    | <br>33,710,700     |
| <b>CHANGES IN NET ASSETS</b>  |  |   |                    |
| <br>Net assets, beginning of year   | <br>6,106,300  | <br>31,522,100                                    | <br>37,628,400     |
| <br>Net assets, end of year   | <br>\$ 148,302,900                                   | <br>\$ 543,854,200                                | <br>\$ 692,157,100 |

The accompanying notes are an integral part of this financial statement.

Council on Foreign Relations, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2025

|                                      | Program Services     |                     |                     |                              |                     |                     |                   |                      |                     |                     |                          |                      |  |  |
|--------------------------------------|----------------------|---------------------|---------------------|------------------------------|---------------------|---------------------|-------------------|----------------------|---------------------|---------------------|--------------------------|----------------------|--|--|
|                                      | Studies Program      | NY Meetings         | DC Programs         | Foreign Affairs Publications | National Program    | Outreach Program    | Term Member       | Digital Content      | Education Program   | Membership          | Global Board of Advisors | Total Programs       |  |  |
| Salaries and wages                   | \$ 17,331,300        | \$ 774,300          | \$ 1,062,600        | \$ 5,303,200                 | \$ 641,800          | \$ 841,500          | \$ 295,300        | \$ 5,982,800         | \$ 1,697,100        | \$ 1,052,100        | \$ 13,800                | \$ 34,995,800        |  |  |
| Other compensation                   | 1,681,700            | 121,800             | 141,200             | 704,900                      | 87,300              | 109,300             | 39,800            | 681,200              | 223,000             | 134,600             | 700                      | 3,925,500            |  |  |
| Payroll taxes and employee benefits  | 4,950,700            | 227,200             | 310,600             | 1,620,400                    | 192,500             | 250,500             | 90,400            | 1,829,200            | 516,600             | 317,800             | 4,700                    | 10,310,600           |  |  |
| Meetings                             | 765,600              | 848,200             | 604,300             | 43,900                       | 669,600             | 376,100             | 258,200           | 49,900               | 19,400              | 43,300              | 27,200                   | 3,705,700            |  |  |
| Printing, publication, and promotion | 214,000              | 5,400               | 18,400              | 2,887,000                    | 17,900              | 36,000              | 10,100            | 200,800              | 343,200             | 217,500             | 3,000                    | 3,953,300            |  |  |
| Research materials                   | 334,000              | 11,800              | 17,600              | 51,600                       | 10,500              | 58,400              | 300               | 27,100               | 20,300              | 50,700              | -                        | 582,300              |  |  |
| Travel-related expenses              | 1,043,200            | 79,400              | 110,400             | 111,700                      | 109,400             | 353,700             | 91,400            | 109,000              | 24,900              | 10,800              | 44,100                   | 2,088,000            |  |  |
| Administration and finance expenses  | 2,766,600            | 11,700              | 28,500              | 523,000                      | 9,000               | 18,100              | 13,000            | 78,200               | 34,500              | 462,600             | -                        | 3,945,200            |  |  |
| Interest                             | 656,900              | -                   | 54,000              | -                            | -                   | 27,900              | -                 | 49,800               | -                   | -                   | -                        | 788,600              |  |  |
| Depreciation                         | 954,400              | 30,500              | 41,300              | 150,700                      | 20,100              | 41,500              | 4,500             | 210,200              | 49,100              | 29,600              | 6,800                    | 1,538,700            |  |  |
| Business expenses                    | 213,800              | 15,600              | 12,700              | 339,400                      | 11,600              | 40,200              | 16,100            | 53,700               | 16,200              | 26,700              | 2,300                    | 748,300              |  |  |
| Utilities and maintenance            | 695,200              | 26,900              | 24,500              | 133,100                      | 18,400              | 30,400              | 4,000             | 179,100              | 43,400              | 26,200              | 6,000                    | 1,187,200            |  |  |
| Professional services                | 3,215,800            | 121,000             | 75,800              | 1,040,400                    | 85,900              | 77,700              | 13,900            | 1,693,500            | 851,300             | 39,400              | 6,000                    | 7,220,700            |  |  |
| Information technology               | 558,800              | 28,900              | 42,400              | 823,800                      | 26,300              | 43,300              | 11,800            | 822,200              | 178,700             | 33,000              | -                        | 2,569,200            |  |  |
| Total expenses                       | <u>\$ 35,382,000</u> | <u>\$ 2,302,700</u> | <u>\$ 2,544,300</u> | <u>\$ 13,733,100</u>         | <u>\$ 1,900,300</u> | <u>\$ 2,304,600</u> | <u>\$ 848,800</u> | <u>\$ 11,966,700</u> | <u>\$ 4,017,700</u> | <u>\$ 2,444,300</u> | <u>\$ 114,600</u>        | <u>\$ 77,559,100</u> |  |  |

The accompanying notes are an integral part of this financial statement.

**Council on Foreign Relations, Inc.**

**STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED**

**Year ended June 30, 2025**

|                                      | <b>Supporting Services</b> |                    |                          |                               |                                  | <b>2025 Total</b> |
|--------------------------------------|----------------------------|--------------------|--------------------------|-------------------------------|----------------------------------|-------------------|
|                                      | <b>Total Programs</b>      | <b>Development</b> | <b>Corporate Program</b> | <b>Management and General</b> | <b>Total Supporting Services</b> |                   |
| Salaries and wages                   | \$ 34,995,800              | \$ 1,661,600       | \$ 1,320,300             | \$ 5,877,500                  | \$ 8,859,400                     | \$ 43,855,200     |
| Other compensation                   | 3,925,500                  | 235,800            | 128,500                  | 2,343,600                     | 2,707,900                        | 6,633,400         |
| Payroll taxes and employee benefits  | 10,310,600                 | 511,300            | 399,500                  | 1,353,500                     | 2,264,300                        | 12,574,900        |
| Meetings                             | 3,705,700                  | 199,300            | 215,100                  | 175,800                       | 590,200                          | 4,295,900         |
| Printing, publication, and promotion | 3,953,300                  | 20,200             | 17,800                   | 33,600                        | 71,600                           | 4,024,900         |
| Research materials                   | 582,300                    | 37,700             | 31,700                   | 100,800                       | 170,200                          | 752,500           |
| Travel-related expenses              | 2,088,000                  | 109,600            | 74,600                   | 279,700                       | 463,900                          | 2,551,900         |
| Administration and finance expenses  | 3,945,200                  | 95,800             | 24,500                   | 418,300                       | 538,600                          | 4,483,800         |
| Interest                             | 788,600                    | 11,300             | 31,100                   | 694,100                       | 736,500                          | 1,525,100         |
| Depreciation                         | 1,538,700                  | 60,200             | 48,100                   | 928,300                       | 1,036,600                        | 2,575,300         |
| Business expenses                    | 748,300                    | 24,500             | 11,400                   | 128,600                       | 164,500                          | 912,800           |
| Utilities and maintenance            | 1,187,200                  | 50,600             | 35,500                   | 664,200                       | 750,300                          | 1,937,500         |
| Professional services                | 7,220,700                  | 133,800            | 66,300                   | 1,128,600                     | 1,328,700                        | 8,549,400         |
| Information technology               | 2,569,200                  | 47,900             | 46,100                   | 774,900                       | 868,900                          | 3,438,100         |
| <br>Total expenses                   | <br>\$ 77,559,100          | <br>\$ 3,199,600   | <br>\$ 2,450,500         | <br>\$ 14,901,500             | <br>\$ 20,551,600                | <br>\$ 98,110,700 |

The accompanying notes are an integral part of this financial statement.

Council on Foreign Relations, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2024

|                                      | Program Services |              |              |                              |                  |                  |             |                 |                   |              |           |        | Global Board of Advisors | Total Programs |
|--------------------------------------|------------------|--------------|--------------|------------------------------|------------------|------------------|-------------|-----------------|-------------------|--------------|-----------|--------|--------------------------|----------------|
|                                      | Studies Program  | NY Meetings  | DC Programs  | Foreign Affairs Publications | National Program | Outreach Program | Term Member | Digital Content | Education Program | Membership   | 12,400    | 600    |                          |                |
| Salaries and wages                   | \$ 16,800,000    | \$ 704,300   | \$ 984,600   | \$ 5,185,500                 | \$ 673,400       | \$ 1,040,500     | \$ 299,700  | \$ 2,931,100    | \$ 2,263,800      | \$ 952,600   | \$ 12,400 | \$ 600 | \$ 31,847,900            | 3,268,700      |
| Other compensation                   | 1,431,300        | 211,100      | 84,000       | 766,400                      | 47,000           | 173,600          | 33,800      | 219,900         | 218,900           | 82,100       |           |        |                          | 8,929,300      |
| Payroll taxes and employee benefits  | 4,650,400        | 206,000      | 272,900      | 1,559,300                    | 184,700          | 297,200          | 86,000      | 792,800         | 605,300           | 270,600      | 4,100     |        |                          | 2,984,300      |
| Meetings                             | 512,500          | 599,600      | 580,900      | 44,900                       | 752,300          | 164,900          | 197,800     | 43,100          | 35,100            | 23,300       | 29,900    |        |                          | 3,433,700      |
| Printing, publication, and promotion | 205,500          | 7,100        | 9,900        | 2,642,800                    | 17,500           | 24,700           | 6,000       | 27,500          | 233,500           | 256,900      | 2,300     |        |                          | 607,200        |
| Research materials                   | 297,500          | 10,200       | 21,400       | 50,500                       | 10,200           | 52,600           | 4,000       | 20,200          | 18,800            | 121,800      |           |        |                          |                |
| Travel-related expenses              | 716,800          | 52,900       | 90,500       | 126,200                      | 83,100           | 185,200          | 73,300      | 56,200          | 37,500            | 9,900        | 24,600    |        |                          | 1,456,200      |
| Administration and finance expenses  | 650,000          | 16,900       | 48,800       | 490,600                      | 23,800           | 37,400           | 9,200       | 125,400         | 90,100            | 610,400      |           |        |                          | 2,102,600      |
| Interest                             | 700,300          | -            | 57,600       | -                            | -                | 29,800           | -           | 53,100          | -                 | -            |           |        |                          | 840,800        |
| Depreciation                         | 942,500          | 29,400       | 42,300       | 145,200                      | 19,400           | 41,300           | 4,300       | 141,800         | 53,500            | 28,500       | 6,500     |        |                          | 1,454,700      |
| Business expenses                    | 176,300          | 20,100       | 13,800       | 282,300                      | 10,900           | 28,800           | 1,700       | 31,800          | 27,200            | 46,700       | 7,100     |        |                          | 646,700        |
| Utilities and maintenance            | 661,200          | 24,900       | 24,600       | 123,100                      | 16,500           | 29,200           | 3,700       | 109,900         | 45,600            | 24,200       | 5,500     |        |                          | 1,068,400      |
| Professional services                | 3,970,000        | 141,900      | 161,700      | 1,287,200                    | 176,100          | 123,300          | 35,300      | 472,800         | 941,800           | 96,200       | 3,800     |        |                          | 7,410,100      |
| Information technology               | 618,400          | 25,000       | 47,600       | 1,132,700                    | 38,100           | 50,400           | 15,500      | 173,100         | 246,800           | 39,500       | 100       |        |                          | 2,387,200      |
| Total expenses                       | \$ 32,332,700    | \$ 2,049,400 | \$ 2,440,600 | \$ 13,836,700                | \$ 2,053,000     | \$ 2,278,900     | \$ 770,300  | \$ 5,198,700    | \$ 4,817,900      | \$ 2,562,700 | \$ 96,900 |        |                          | \$ 68,437,800  |

The accompanying notes are an integral part of this financial statement.

**Council on Foreign Relations, Inc.**

**STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED**

**Year ended June 30, 2024**

|                                      | <b>Supporting Services</b> |                    |                          |                               |                                  | <b>2024 Total</b> |
|--------------------------------------|----------------------------|--------------------|--------------------------|-------------------------------|----------------------------------|-------------------|
|                                      | <b>Total Programs</b>      | <b>Development</b> | <b>Corporate Program</b> | <b>Management and General</b> | <b>Total Supporting Services</b> |                   |
| Salaries and wages                   | \$ 31,847,900              | \$ 1,714,500       | \$ 1,151,200             | \$ 5,958,400                  | \$ 8,824,100                     | \$ 40,672,000     |
| Other compensation                   | 3,268,700                  | 296,300            | 74,200                   | 2,813,100                     | 3,183,600                        | 6,452,300         |
| Payroll taxes and employee benefits  | 8,929,300                  | 523,900            | 331,600                  | 1,256,100                     | 2,111,600                        | 11,040,900        |
| Meetings                             | 2,984,300                  | 216,900            | 131,500                  | 336,800                       | 685,200                          | 3,669,500         |
| Printing, publication, and promotion | 3,433,700                  | 24,100             | 16,800                   | 21,100                        | 62,000                           | 3,495,700         |
| Research materials                   | 607,200                    | 29,900             | 29,600                   | 95,400                        | 154,900                          | 762,100           |
| Travel-related expenses              | 1,456,200                  | 119,500            | 73,300                   | 258,600                       | 451,400                          | 1,907,600         |
| Administration and finance expenses  | 2,102,600                  | 104,400            | 41,000                   | 441,400                       | 586,800                          | 2,689,400         |
| Interest                             | 840,800                    | 12,000             | 33,200                   | 721,800                       | 767,000                          | 1,607,800         |
| Depreciation                         | 1,454,700                  | 58,500             | 47,700                   | 976,600                       | 1,082,800                        | 2,537,500         |
| Business expenses                    | 646,700                    | 23,600             | 12,000                   | 177,400                       | 213,000                          | 859,700           |
| Utilities and maintenance            | 1,068,400                  | 47,200             | 34,000                   | 686,900                       | 768,100                          | 1,836,500         |
| Professional services                | 7,410,100                  | 270,700            | 124,700                  | 1,452,400                     | 1,847,800                        | 9,257,900         |
| Information technology               | 2,387,200                  | 41,600             | 48,400                   | 782,800                       | 872,800                          | 3,260,000         |
| <br>Total expenses                   | <br>\$ 68,437,800          | <br>\$ 3,483,100   | <br>\$ 2,149,200         | <br>\$ 15,978,800             | <br>\$ 21,611,100                | <br>\$ 90,048,900 |

The accompanying notes are an integral part of this financial statement.

**Council on Foreign Relations, Inc.**

**STATEMENTS OF CASH FLOWS**

**Years ended June 30,**

|  | <b>2025</b>                 | <b>2024</b>                 |
|--|-----------------------------|-----------------------------|
| <b>Cash flows from operating activities</b>  |                             |                             |
| Changes in net assets  | \$ 62,599,700               | \$ 37,628,400               |
| Adjustments to reconcile changes in net assets to net cash used in operating activities:   |                             |                             |
| Depreciation   | 2,575,300                   | 2,537,500                   |
| Change in discount on grants and contributions and contributions for endowment receivables | (705,000)                   | (467,700)                   |
| Change in fair value of interest-rate swap agreement                                       | 702,200                     | (733,700)                   |
| Net realized and unrealized gain on investments  | (83,794,900)                | (54,344,000)                |
| Bad debt expense   | 2,652,400                   | 699,800                     |
| Contributions restricted for investment in endowment                                       | (7,045,800)                 | (7,686,400)                 |
| Changes in operating assets and liabilities:   |                             |                             |
| Accounts receivable  | (2,572,800)                 | (1,804,900)                 |
| Prepaid expenses and inventory   | (56,400)                    | (483,200)                   |
| Grants and contributions receivable  | 2,600,800                   | (1,852,500)                 |
| Accounts payable and accrued expenses  | (602,100)                   | 1,040,100                   |
| Deferred revenue   | 616,700                     | 159,300                     |
| Accrued postretirement benefits  | 190,000                     | (55,000)                    |
| Net cash used in operating activities  | <u>(22,839,900)</u>         | <u>(25,362,300)</u>         |
| <b>Cash flows from investing activities</b>  |                             |                             |
| Purchases of building improvements and equipment   | (4,242,500)                 | (740,900)                   |
| Purchases of investments   | (170,260,200)               | (76,782,300)                |
| Proceeds from sales of investments   | <u>181,819,900</u>          | <u>95,784,800</u>           |
| Net cash provided by investing activities  | <u>7,317,200</u>            | <u>18,261,600</u>           |
| <b>Cash flows from financing activities</b>  |                             |                             |
| Contributions restricted for investment in endowment                                       | 9,619,200                   | 10,055,600                  |
| Principal payments on bonds payable  | <u>(2,315,000)</u>          | <u>(2,225,000)</u>          |
| Net cash provided by financing activities  | <u>7,304,200</u>            | <u>7,830,600</u>            |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>                                | <b><u>(8,218,500)</u></b>   | <b><u>729,900</u></b>       |
| <b>Cash and cash equivalents, beginning of year</b>  | <b><u>62,000,300</u></b>    | <b><u>61,270,400</u></b>    |
| <b>Cash and cash equivalents, end of year</b>  | <b><u>\$ 53,781,800</u></b> | <b><u>\$ 62,000,300</u></b> |
| <b>Supplemental disclosure of cash flow information</b>                                    |                             |                             |
| Interest paid on bonds   | <u>\$ 1,525,100</u>         | <u>\$ 1,607,800</u>         |

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

**Council on Foreign Relations, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

Council on Foreign Relations, Inc. (“CFR”) is an independent, nonpartisan membership organization, think tank, and publisher dedicated to being a resource for its members, government officials, business executives, journalists, educators and students, civic and religious leaders, and other interested citizens, in order to help them better understand the world and the foreign policy choices facing the United States and other countries. Founded in 1921, CFR takes no institutional positions on matters of policy. CFR carries out its mission by maintaining a diverse membership; convening meetings at its headquarters in New York, and in Washington, D.C., and other cities where senior government officials, members of Congress, global leaders, and prominent thinkers come together with CFR members to discuss and debate major international issues; supporting a Studies Program that fosters independent research; publishing *Foreign Affairs*, the preeminent journal on international affairs and U.S. foreign policy; sponsoring Independent Task Forces; and, providing up-to-date information and analysis about world events and American foreign policy on its website, CFR.org.

CFR is a Section 501(c)(3) not-for-profit organization, incorporated in the State of New York, exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the “Code” or “IRC”) and is a publicly supported organization, as described in Section 509(a)(1) of the Code. CFR is also exempt from state and local income taxes.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

***Cash and Cash Equivalents***

CFR considers all highly liquid investments purchased with original maturities of three months or less, excluding cash and money market funds held in investments, to be cash equivalents.

***Allowance for Credit Losses***

As of June 30, 2025 and 2024, CFR determined that an allowance for credit losses of \$177,000 and \$363,300, respectively, is necessary for certain potentially uncollectible membership and *Foreign Affairs* receivables. In addition, CFR determined that no allowance is necessary for grants and contributions receivable, and contributions receivable for its endowment as of June 30, 2025 and 2024. This determination is based on a combination of factors, such as management’s estimate of the creditworthiness of its members and contributors, a review of individual accounts outstanding, the aged basis of receivables, current economic conditions, and historical collection experience. Receivables are written-off in the net asset category in which they reside when determined to be uncollectible.

***Investments***

CFR’s investments in marketable debt and equity securities are recorded at fair value based on quoted market prices as of the measurement date. Donated securities are recorded at fair value as determined on the date received. Interest income is recorded on an accrual basis and dividend income is recorded based on the ex-dividend date.

It is CFR’s policy to make an annual investment allocation for the support of its operations up to 5% of the average fair value of its endowment investments for the five previous years.

**Council on Foreign Relations, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

CFR's investments in alternative investment companies are carried at the aggregate net asset value ("NAV") of the shares held by CFR. The NAV is based on the fair value of the respective alternative investment company's investment portfolio, as determined by the management of the respective alternative investment company as of the measurement date. CFR's investments in alternative investment companies are primarily in limited partnerships.

In certain instances, CFR's ability to liquidate its investments in limited partnerships is restricted in accordance with the provisions of the respective partnership agreement.

The reported value of CFR's investments that do not have readily determinable fair values is determined on an estimated basis by the investment managers as of the measurement date. Because of the inherent uncertainty of valuation, the fair values determined by the respective investment managers may differ from values that would be used had a ready market for these investments existed, and such differences could be material. The financial statements of the investees are audited annually by independent auditors. Investment income and gains (losses) attributable to CFR pertaining to these funds are recorded on the accrual basis of accounting in the accompanying financial statements.

***Land, Buildings and Building Improvements, and Equipment***

Land, buildings and building improvements, and equipment are stated at cost if purchased or at fair value at the date of gift if donated, less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. CFR capitalizes expenditures for land, buildings and building improvements, and equipment having a cost of \$1,500 or more and which have useful lives of greater than three years. Depreciation is provided on the straight-line basis over the estimated useful lives of these assets (see Note 5).

Costs incurred for repairs, maintenance, and minor improvements that do not substantially extend an asset's useful life are charged to expense as incurred. Major improvements, which substantially extend the useful lives of assets, are capitalized.

***Inventory***

Inventory consists primarily of paper that is stored offsite and used in the printing of the bimonthly publication *Foreign Affairs*. Inventory is stated at the lower of cost (first-in, first-out method) or market.

***Deferred Subscription Revenue***

CFR's subscriptions are recognized as revenue ratably over the applicable period. Deferred revenue represents subscription payments received in advance.

***Net Assets Without Donor Restrictions***

Represent net assets which are not subject to donor-imposed stipulations and are fully available to be utilized in any of CFR's programs or supporting services. Net assets without donor restrictions include amounts designated for specific purposes by CFR's Board of Directors.

The Board has approved a resolution effective June 30, 2021 to designate \$1 million of the fiscal 2021 surplus to establish an Innovation Fund for *Foreign Affairs* ("Fund") magazine. Such funds (designated net assets) will not be applied to fund normal activities and will be utilized toward developing new innovative projects to broaden both the editorial and business content of the publication. Amounts expended from this Fund will be subject to CFR's annual board governance and budget allocation approval processes. During the years ended June 30, 2025 and 2024, \$102,700 and \$316,300 were appropriated for expenditure, respectively.

**Council on Foreign Relations, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

***Net Assets With Donor Restrictions***

Represent net assets which are subject to donor-imposed stipulations whose use is restricted by time and/or purpose. A portion of CFR's net assets with donor restrictions requires CFR to use or expend the gifts as specified, based on purpose or passage of time.

***Accounting for Uncertainty in Income Taxes***

CFR has adopted the provisions of the Accounting Standards Codification ("ASC") 740, *Accounting for Uncertainties in Income Taxes*. ASC 740-10 clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This section provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

CFR is exempt from federal and New York state income taxation by virtue of being an organization described in Section 501(c)(3) of the IRC and similar provisions of the New York state tax code. Nevertheless, CFR may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. CFR believes that there are no material uncertain tax positions within its financial statements.

***Support and Revenue***

Contributions (including unconditional promises to give) are recorded when received at fair value. Contributions received with donor stipulations that limit the use of the donated assets are reported as part of net assets with donor restrictions (restricted support). Unconditional promises to give, with payments due in future years, are reported as part of net assets with donor restrictions, discounted to present value using credit adjusted discount rates which articulate with the collection period of the respective pledge. Such discounts are not subsequently revised and are amortized over the collection period of the respective pledge as additional contribution revenue in accord with donor-stipulated restrictions, if any.

Conditional contributions, such as grants with matching requirements, are recognized in the appropriate net asset class when the conditions (barriers) on which they depend have been satisfied. Bequests are recognized as receivables at the time unassailable rights to the gifts have been established and the proceeds are measurable.

Membership dues are recorded as revenue ratably over the period to which the dues relate, which typically corresponds with either a portion of the fiscal year or the full fiscal year. Corporate memberships are recognized during the fiscal year for which they were invoiced.

***Rental Income***

Rental income includes income derived from renting space at CFR's New York office location for various events. No deferred rent liability or asset is required to be recorded as of June 30, 2025 and 2024, in accordance with U.S. GAAP.

***Foreign Affairs Publications***

*Foreign Affairs* is a bimonthly magazine published by CFR dedicated to improving the understanding of U.S. foreign policy and international affairs through the free exchange of ideas. All *Foreign Affairs* publications revenue is recognized at a point in time. The primary revenue streams included within *Foreign Affairs* publications revenue include subscription revenue, which totaled \$10,521,400 and \$10,040,200 for the years ended June 30, 2025 and 2024, respectively, and is recorded at the time each issue is served

**Council on Foreign Relations, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

and advertising revenue, which totaled \$810,100 and \$1,115,800 for the years ended June 30, 2025 and 2024, respectively, and is recorded upon the release of each issue.

***Postretirement Benefits***

U.S. GAAP requires an employer to: (a) recognize on its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year; and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur.

***Interest-Rate Swap Agreement***

CFR uses an interest-rate swap agreement as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its variable rate debt. The interest-rate swap agreement was not entered into for trading or speculative purposes and does not qualify as a hedge for financial reporting purposes. In accordance with U.S. GAAP, the interest-rate swap agreement is measured at fair value and recognized as either an asset or a liability as of the measurement date. Changes in fair value are recorded as part of nonoperating activities on the statement of activities.

***Measure of Operations***

CFR includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including a Board authorized investment income allocation and all contributions, except for those that pertain to the establishment of permanent endowments. Investment income, including net realized and unrealized gains and losses, earned in excess of (or less than) CFR's aggregate authorized spending amount for operations, the change in value of the interest-rate swap agreement, endowment contributions, postretirement changes, other than net periodic and service costs, and other items that are considered to be unusual or non-recurring in nature are recognized as part of nonoperating activities.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions embodied in the accompanying financial statements relate to actuarial assumptions used to calculate postretirement benefit obligations, the determination of allowances for credit losses, the realizable amounts of contributions receivables, the useful lives assigned to fixed assets, and the reported fair value of certain financial instruments, particularly non-exchange traded alternative investments. Actual results could differ from those estimates.

***Allocation of Expenses***

The costs of operating CFR's various programs and providing the related supporting services are summarized on a functional basis on the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited, principally based on square footage occupied by the respective functional areas.

***Concentration***

Cash and cash equivalents that potentially subject CFR to concentrations of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits.

**Council on Foreign Relations, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Interest-bearing accounts are insured up to \$250,000 per depositor. Through December 31, 2012, noninterest-bearing accounts were fully insured. Beginning in 2013, noninterest-bearing accounts are insured similarly to interest-bearing accounts. As of June 30, 2025 and 2024, there is approximately \$49,786,600 and \$58,646,400, respectively, of cash and cash equivalents held in banks that exceed FDIC insurance limits. Such excess amounts include outstanding checks. CFR routinely monitors the financial institutions in which it transacts with and does not believe a significant risk of nonperformance presently exists.

***Reclassification***

Certain amounts pertaining to the 2024 financial statements have been reclassified to conform with the 2025 presentation. Such reclassifications did not change total assets, liabilities, net assets and revenues and expenses as previously reported.

***Subsequent Events***

CFR evaluated, for potential recognition and disclosure, events subsequent to the date of its financial statements through October 3, 2025, the date the financial statements were available to be issued. CFR is not aware of any material subsequent events which would require recognition or disclosure in the accompanying financial statements.

**NOTE 3 - INVESTMENTS**

The components of CFR's investment portfolio as of June 30, 2025 and 2024, are as follows:

|  | <b>2025</b>                  | <b>2024</b>                  |
|--|------------------------------|------------------------------|
| Cash and cash equivalents                              | \$ 32,730,000                | \$ 10,704,900                |
| Global equity  | 287,890,600                  | 246,184,800                  |
| Deflation hedges                                       | 40,635,300                   | 54,639,400                   |
| Subtotal   | <u>361,255,900</u>           | <u>311,529,100</u>           |
| Alternative investments:                               |                              |                              |
| Non-liquidating credit and hedged strategies           | 143,745,900                  | 147,610,600                  |
| Liquidating global equity and credit-hedged strategies | 299,200                      | 280,700                      |
| Private equity, venture capital and growth equity      | 165,897,800                  | 139,172,100                  |
| Private hard assets                                    | 795,100                      | 1,166,200                    |
| Subtotal   | <u>310,738,000</u>           | <u>288,229,600</u>           |
| Total  | <u><u>\$ 671,993,900</u></u> | <u><u>\$ 599,758,700</u></u> |

Global equity investments are largely invested in the public stocks of global issuers with returns measured on the basis of total return in U.S. dollar terms, including dividend yield, capital appreciation, and currency adjustments. This allocation exposes the endowment to growth in the global economy, investing across both developed and emerging markets. The allocation is comprised of managers investing in long-only equities as well as long and short equities across global markets. These investments will exhibit a high correlation to equity markets and will generally have equity-like volatility. Return expectations track closely with global equity markets.

Deflation hedges include fixed income investments. This allocation will generally protect value during an economic contraction as investors flee to quality. Since cash and fixed income exhibit low volatility and are liquid in nature, these investments can provide a source of funding during times of market stress.

**Council on Foreign Relations, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Non-liquidating credit and hedged strategies investments and liquidating global equity and credit-hedged strategies investments are invested in a mix of active managers that largely view risk in terms of losing money rather than underperforming the market. These managers strive to generate positive, risk-adjusted excess returns regardless of the direction of broad markets. Managers in this portion of the portfolio pursue a range of strategies seeking to exploit mispricings across individual assets or markets that are value-driven or event-driven in nature. The allocation includes credit-oriented managers that invest in both performing and distressed credits of U.S. and foreign issuers. In aggregate, this portfolio category exhibits lower correlation to public equity markets and overall lower volatility. The credit & hedged strategies allocation helps reduce total portfolio volatility and downside risk, while pursuing a reasonable return on investment to meet the total portfolio's target rate of return.

Private equity, venture capital and growth equity investments and private hard assets are invested across an array of illiquid strategies including venture capital, growth equity, private equity, real estate, distressed credit, and natural resources. These assets are expected to be highly correlated to equity markets over economic cycles though may provide some portfolio diversification and hedging characteristics. The objective for this portion of the portfolio is to generate superior returns relative to traditional public markets in exchange for the required illiquidity.

As of June 30, 2025 and 2024, CFR has unfunded commitments to limited partnerships totaling approximately \$61.8 million and \$69.6 million, respectively, and intends to sell a portion of its other investments to fund these commitments. Such purchase commitments as of June 30, 2025 are expected to be satisfied by fiscal year 2031.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the fair values of investments will occur in the near term and such changes could materially affect the amounts reported on the accompanying financial statements.

Investment return consists of the following for the years ended June 30, 2025 and 2024:

|  | 2025  |  |                      |
|--|---|--|----------------------|
|  | Net Assets<br>Without Donor<br>Restrictions | Net Assets<br>With Donor<br>Restrictions | Total                |
| Dividends and interest                                     | \$ 1,007,500                                | \$ 2,774,800                             | \$ 3,782,300         |
| Realized gains   | 4,020,700                                   | 11,073,000                               | 15,093,700           |
| Unrealized gains   | 18,300,800                                  | 50,400,400                               | 68,701,200           |
| Net realized and unrealized gains                          | <u>22,321,500</u>                           | <u>61,473,400</u>                        | <u>83,794,900</u>    |
| Total gain on investments                                  | <u>23,329,000</u>                           | <u>64,248,200</u>                        | <u>87,577,200</u>    |
| Investment return used for current operations              | (8,561,500)                                 | (20,520,500)                             | (29,082,000)         |
| Investment expenses  | (1,615,100)                                 | (4,471,100)                              | (6,086,200)          |
| Investment gain in excess of spending<br>rate and expenses | <u>\$ 13,152,400</u>                        | <u>\$ 39,256,600</u>                     | <u>\$ 52,409,000</u> |

**Council on Foreign Relations, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

|  | 2024  |  |                      |
|--|---|--|----------------------|
|  | Net Assets<br>Without Donor<br>Restrictions | Net Assets<br>With Donor<br>Restrictions | Total                |
| Dividends and interest                                     | \$ 853,000                                  | \$ 2,676,700                             | \$ 3,529,700         |
| Realized gains   | 518,700                                     | 1,627,900                                | 2,146,600            |
| Unrealized gains   | <u>12,612,600</u>                           | <u>39,584,800</u>                        | <u>52,197,400</u>    |
| Net realized and unrealized gains                          | <u>13,131,300</u>                           | <u>41,212,700</u>                        | <u>54,344,000</u>    |
| Total gain on investments                                  | <u>13,984,300</u>                           | <u>43,889,400</u>                        | <u>57,873,700</u>    |
| Investment return used for current operations              | (7,929,200)                                 | (19,545,900)                             | (27,475,100)         |
| Investment expenses  | <u>(1,199,700)</u>                          | <u>(3,765,200)</u>                       | <u>(4,964,900)</u>   |
| Investment gain in excess of spending<br>rate and expenses | <u>\$ 4,855,400</u>                         | <u>\$ 20,578,300</u>                     | <u>\$ 25,433,700</u> |

**NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE AND CONTRIBUTIONS RECEIVABLE FOR ENDOWMENT, NET**

Receivables consist primarily of promises to give and are due from individuals, corporations, and foundations. Grants and contributions receivable and contributions receivable for endowment as of June 30, 2025 and 2024, are due to be collected as follows:

|   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| Amounts due in less than one year:                    |                      |                      |
| Grants and contributions receivable                   | \$ 11,539,900        | \$ 9,450,700         |
| Contributions receivable for endowment                | <u>4,730,200</u>     | <u>4,900,300</u>     |
| Total   | <u>16,270,100</u>    | <u>14,351,000</u>    |
| Amounts due in one to five years:                     |                      |                      |
| Grants and contributions receivable                   | 8,020,000            | 12,030,000           |
| Contributions receivable for endowment                | <u>2,055,000</u>     | <u>4,638,300</u>     |
| Total   | <u>10,075,000</u>    | <u>16,668,300</u>    |
| Amounts due in greater than five years:               |                      |                      |
| Grants and contributions receivable                   | <u>1,500,000</u>     | <u>2,000,000</u>     |
| Total   | <u>1,500,000</u>     | <u>2,000,000</u>     |
| Gross receivables                                     | 27,845,100           | 33,019,300           |
| Less: discount (at rates varying from 1.04% to 4.52%) | <u>(796,800)</u>     | <u>(1,501,800)</u>   |
| Total receivables, net                                | <u>\$ 27,048,300</u> | <u>\$ 31,517,500</u> |

**Council on Foreign Relations, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Endowment contributions receivable, net of discount, totaled \$6,702,000 and \$9,275,400 as of June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, the allowance totaled \$83,215 and \$263,153, respectively. CFR also has been named as a beneficiary of various wills and trusts as of June 30, 2025 and 2024. As described in Note 2, CFR does not recognize such intentions as contribution revenue until they become unconditional promises to give and the proceeds of which are measurable.

**NOTE 5 - LAND, BUILDINGS AND BUILDING IMPROVEMENTS, AND EQUIPMENT, NET**

Land, buildings and building improvements, and equipment, at cost, net of accumulated depreciation, as of June 30, 2025 and 2024, are summarized as follows:

|  | <u>2025</u>          | <u>2024</u>          | <u>Estimated Useful Lives</u> |
|--|----------------------|----------------------|-------------------------------|
| Land (New York)  | \$ 1,854,300         | \$ 1,854,300         |                               |
| Land (Washington, D.C.)                                  | 5,397,700            | 5,397,700            |                               |
| Buildings and building improvements<br>(New York)        | 39,345,300           | 39,075,600           | 3 - 55 years                  |
| Building and building improvements<br>(Washington, D.C.) | 55,614,500           | 54,169,900           | 3 - 55 years                  |
| Equipment (New York)                                     | 19,782,600           | 19,118,300           | 3 - 20 years                  |
| Equipment (Washington, D.C.)                             | 5,768,900            | 5,358,300            | 3 - 20 years                  |
| Construction in progress                                 | 1,616,600            | 315,700              |                               |
|  | 129,379,900          | 125,289,800          |                               |
| Less: accumulated depreciation                           | (70,675,000)         | (68,252,100)         |                               |
| <b>Total net</b>   | <b>\$ 58,704,900</b> | <b>\$ 57,037,700</b> |                               |

Depreciation expense amounted to \$2,575,300 and \$2,537,500 for the years ended June 30, 2025 and 2024, respectively.

**NOTE 6 - RETIREMENT PLAN**

CFR has a defined contribution retirement plan under Section 403(b) of the IRC (the "403(b) Plan") covering all employees who meet the minimum service requirements. Payments to the 403(b) Plan, which are calculated at 8% of each participant's salary for all employees, are made to the Teachers Insurance and Annuity Association and College Retirement Equities Fund ("TIAA-CREF") to purchase individual annuities for plan participants. CFR's contribution to the 403(b) Plan amounted to approximately \$2,809,200 and \$2,640,000 for the years ended June 30, 2025 and 2024, respectively. Participants over the age of 30 must contribute 2.5% of their salaries and have the option to make additional contributions to the 403(b) Plan on their own behalf.

**NOTE 7 - OTHER POSTRETIREMENT BENEFITS**

CFR provides medical and dental benefits for certain retired employees. Current employees receiving benefits will continue to be eligible to receive medical and dental benefits upon retirement under the Postretirement Plan (the "Plan"). Participation in the Plan requires that in order to be eligible to receive plan benefits, an employee must attain the earlier of either age of 60 with 15 years of continuous service or

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**June 30, 2025 and 2024**

attain the age of 55 with 25 years of continuous service. Employees hired on or after January 1, 1987 are not eligible for postretirement benefits, with the exception of the current and future Presidents of CFR, Executive Vice President, Senior Vice Presidents, and Editor of *Foreign Affairs*, hired on or before July 1, 2002 (must have been in the position as of July 1, 2002), with a minimum of 10 years of service and a retirement date on or after July 1, 2003.

The benefit obligation, as determined as of the end of the year measurement date, is as follows:

|                                       | <b>2025</b>         | <b>2024</b>         |
|---------------------------------------|---------------------|---------------------|
| Change in benefit obligation          |                     |                     |
| Benefit obligation, beginning of year | \$ 3,725,000        | \$ 3,780,000        |
| Interest cost                         | 187,000             | 177,000             |
| Actuarial net loss                    | 304,000             | 36,000              |
| Benefits paid                         | (301,000)           | (268,000)           |
|                                       |                     |                     |
| Benefit obligation, end of year       | <u>\$ 3,915,000</u> | <u>\$ 3,725,000</u> |

CFR accrues expenses and makes benefit payments as they are incurred annually and has not contributed funds to a separate trustee's account to fund the accumulated postretirement benefit obligation. The discount rate used to determine the end-of-year obligation was 5.20% and 5.24% as of June 30, 2025 and 2024, respectively.

During fiscal 2025 and fiscal 2024, the mortality assumption used was the Pri-2012 White Collar Mortality Table projected generationally with scale MP-2021.

The net periodic benefit obligations and the components of benefit cost for the years ended June 30, 2025 and 2024, are as follows:

|  | <b>2025</b>       | <b>2024</b>       |
|--|-------------------|-------------------|
| Interest cost                                    | \$ 187,000        | \$ 177,000        |
| Amortization of net loss                         | 35,000            | 35,000            |
|  |                   |                   |
| Net periodic cost included in operating expenses | <u>\$ 222,000</u> | <u>\$ 212,000</u> |

The net periodic pension cost for the years ended 2025 and 2024 includes reclassifications of amounts previously recognized as part of changes in net assets without donor restrictions as follows:

|                          | <b>2025</b>      | <b>2024</b>      |
|--------------------------|------------------|------------------|
| Amortization of net loss | <u>\$ 35,000</u> | <u>\$ 35,000</u> |

Amounts that have not yet been recognized as components of net periodic benefit cost, but are included in net assets without donor restrictions, are as follows:

|                    | <b>2025</b>         | <b>2024</b>       |
|--------------------|---------------------|-------------------|
| Net actuarial loss | <u>\$ 1,032,000</u> | <u>\$ 763,000</u> |

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**June 30, 2025 and 2024**

Assumed health-care cost trend rates at June 30 are as follows:

|   | <u>2025</u> | <u>2024</u> |
|---|-------------|-------------|
| Health-care cost trend rate assumed for next year       | 6.0%        | 5.9%        |
| Rate to which the cost trend rate is assumed to decline | 4.5%        | 4.5%        |
| Year that the rate reaches the ultimate trend rate      | 2041        | 2039        |

Amounts in net assets without donor restrictions expected to be recognized as components of net periodic benefit cost during fiscal year 2026 are as follows:

|                    |                  |
|--------------------|------------------|
| Net actuarial loss | <u>\$ 57,000</u> |
|--------------------|------------------|

The following postretirement benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

|           |            |
|-----------|------------|
| 2026      | \$ 320,000 |
| 2027      | 323,000    |
| 2028      | 326,000    |
| 2029      | 329,000    |
| 2030      | 324,000    |
| 2031-2035 | 1,530,000  |

**NOTE 8 - BONDS PAYABLE**

Bonds payable amounted to \$39,890,000 and \$42,205,000 as of June 30, 2025 and 2024, respectively, (which approximates fair value) and consist of tax-exempt variable rate demand revenue bonds (the "Bonds"), which were originally issued by the District of Columbia on behalf of CFR in August 2007. On September 4, 2012, these Bonds were purchased by Wells Fargo Municipal Capital Strategies, LLC ("Wells Fargo"). Proceeds of the Bonds were used for the acquisition, renovation, furnishing, and equipping of an office building, located at 1777 F Street, NW, Washington, DC, to be used by CFR for office and conference space.

In connection with the original issuance of the Bonds, CFR incurred \$3,297,400 in financing costs, which were capitalized and were being amortized on a straight-line basis through the conversion date. The remaining unamortized balance of \$2,796,400 was written-off as of June 30, 2013, in accordance with the amended and restated loan agreement dated September 4, 2012.

The Bonds have a stated maturity of August 3, 2037, but CFR can repay the obligation at any time and retire the bond issue. Repayment of principal on the Bonds commenced on August 1, 2013.

During each of the years ended June 30, 2025 and 2024, the SOFR index rate ranged between 3.4% and 4.7%, respectively. Interest expense on the bonds totaled \$1,525,100 and \$1,607,800 for the years ended June 30, 2025 and 2024, respectively.

Pursuant to the Security and Inter-creditor Agreement executed in connection with the reissuance of the bonds, CFR has pledged and granted to Wells Fargo a first priority, security interest in all of CFR's gross revenues as collateral.

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**June 30, 2025 and 2024**

Principal payments are as follows for years subsequent to June 30, 2025:

| <u>Year Ending June 30,</u> | <u>Principal</u>         |
|-----------------------------|--------------------------|
| 2026                        | \$ 2,399,640             |
| 2027                        | 2,494,640                |
| 2028                        | 2,594,640                |
| 2029                        | 2,699,640                |
| 2030                        | 2,809,640                |
| Thereafter                  | <u>26,891,800</u>        |
| <br>Total                   | <br><u>\$ 39,890,000</u> |

CFR entered into an interest-rate swap agreement, with an effective date of December 7, 2007, whereby CFR agreed to swap its variable rate of interest on the Bonds for a fixed rate equal to 3.137%. The interest-rate swap was novated on September 4, 2012, to Wells Fargo Bank, N.A., with an effective date of September 1, 2012, and a fixed rate equal to 3.086%. The notional amount, per the novated swap agreement, is \$39,890,000 and \$42,205,000 as of June 30, 2025 and 2024, respectively, and is amortized annually until the termination date on August 1, 2037. The fair value of the swap agreement as of June 30, 2025 and 2024, is a liability of \$540,200 and an asset of \$162,000, respectively. Net settlement transactions related to the swap agreement resulted in a net gain to CFR totaling \$267,000 and \$493,900 for the years ended June 30, 2025 and 2024, respectively.

As of and for the years ended June 30, 2025 and 2024, amounts included within the accompanying financial statements relating to the interest-rate swap agreement are as follows:

|                             |  | 2025                                  |  |   |                                   |
|-----------------------------|--|---------------------------------------|--|---|-----------------------------------|
| Fair Value at June 30, 2025 | Statement of Financial Position Location | Change in Value of Interest-Rate Swap | Agreement for the Year Ended June 30, 2025 | Statement of Activities Location                | Level Within Fair Value Hierarchy |
| \$ (540,200)                | Accounts payable and accrued expenses    |                                       | \$ (702,200)                               | Change in value of interest-rate swap agreement | Level 2                           |
|                             |  |                                       |  |   | 2024                              |
| Fair Value at June 30, 2024 | Statement of Financial Position Location | Change in Value of Interest-Rate Swap | Agreement for the Year Ended June 30, 2024 | Statement of Activities Location                | Level Within Fair Value Hierarchy |
| \$ 162,000                  | Accounts payable and accrued expenses    |                                       | \$ 733,000                                 | Change in value of interest-rate swap agreement | Level 2                           |

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**June 30, 2025 and 2024**

Effective February 1, 2014, CFR entered into a credit agreement with Wells Fargo Bank, N.A., to provide a revolving line of credit note in the amount of \$6 million. The line of credit was originally available between the date of the agreement and January 31, 2015. The maturity date of the line of credit was extended during fiscal year 2024 to January 31, 2025 and was not subsequently renewed. No amounts were outstanding under the line of credit as of June 30, 2025 and 2024.

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

Donor-restricted net assets as of June 30, 2025 and 2024, which are subject to expenditure for specified purposes, are as follows:

|   | <b>2025</b>               | <b>2024</b>               |
|---|---------------------------|---------------------------|
| Studies program                           | \$ 51,207,200             | \$ 47,809,400             |
| NY meetings                               | 2,206,800                 | 2,244,900                 |
| Term member                               | -                         | 493,000                   |
| <i>Foreign Affairs</i> publications       | 1,032,200                 | 1,038,700                 |
| National program                          | 188,700                   | 422,500                   |
| Education program                         | 18,793,000                | 30,161,700                |
| Capital                                   | -                         | 282,800                   |
| Various other programs/operating purposes | <u>223,287,400</u>        | <u>181,561,200</u>        |
| <br>Total                                 | <br><u>\$ 296,715,300</u> | <br><u>\$ 264,014,200</u> |

Restricted net assets were released from restrictions by incurring expenses satisfying the donor-restricted purposes or by the occurrence of other events specified by the donors for the years ended June 30, 2025 and 2024, as follows:

|   | <b>2025</b>              | <b>2024</b>          |
|---|--------------------------|----------------------|
| Studies program                           | \$ 17,953,200            | \$ 14,238,000        |
| NY meetings                               | 604,100                  | 571,000              |
| Term member                               | 496,800                  | 378,200              |
| <i>Foreign Affairs</i> publications       | 232,200                  | 275,700              |
| National program                          | 155,700                  | 355,900              |
| Outreach program                          | 227,200                  | 124,900              |
| Education program                         | 3,251,100                | 2,840,200            |
| Various other programs/operating programs | <u>20,292,900</u>        | <u>16,032,100</u>    |
| <br>Total                                 | <br><u>\$ 43,213,200</u> | <u>\$ 34,816,000</u> |

Restricted net assets comprising CFR's permanent endowment as of June 30, 2025 and 2024, the income from which is subject to CFR's spending policy and Board appropriation, consist of the following:

|   | <b>2025</b>               | <b>2024</b>           |
|---|---------------------------|-----------------------|
| Studies program                           | \$ 107,847,000            | \$ 107,664,700        |
| NY meetings                               | 12,217,200                | 12,216,400            |
| National program                          | 4,300,000                 | 4,100,000             |
| Library                                   | 156,700                   | 156,700               |
| <i>Foreign Affairs</i> publications       | 12,620,200                | 12,620,200            |
| Term member                               | 2,500,000                 | 2,500,000             |
| Investment management                     | 3,731,000                 | 3,731,000             |
| Education                                 | 10,000,000                | -                     |
| Various other programs/operating purposes | <u>137,023,200</u>        | <u>136,851,000</u>    |
| <br>Total                                 | <br><u>\$ 290,395,300</u> | <u>\$ 279,840,000</u> |

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**June 30, 2025 and 2024**

**NOTE 10 - ENDOWMENT NET ASSETS**

The State of New York passed the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), its version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). All not-for-profit organizations formed in New York must apply this law. One of the provisions of NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings on such investment funds that would otherwise be considered without donor restrictions will be reflected as part of net assets with donor restrictions until appropriated for expenditure.

CFR classifies as net assets with donor restrictions: (a) the original value of gifts donated to its permanent endowment; (b) the original value of subsequent gifts to its permanent endowment; and (c) accumulations to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent endowment earnings remain classified as part of net assets with donor restrictions until such amounts are appropriated for expenditure by the Board of Directors of CFR in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, CFR considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of CFR and its donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and appreciation of endowment investments;
- Other resources of CFR;
- The investment policies of CFR; and
- Where appropriate, alternatives to spending from its donor-restricted endowment fund and the possible effects on CFR.

CFR’s endowment investment policy is to invest primarily in a mix of equities, fixed income securities, and alternative investments based on an asset allocation to satisfy its overall endowment financial and investment objectives, such as to preserve principal, protect against inflation, receive stable returns, and achieve long-term growth. CFR 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). Annual spending from the endowment fund is described further in Note 2.

The asset allocation plan provides for diversification of assets in an effort to maximize investment returns and manage risk to CFR consistent with market conditions.

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**June 30, 2025 and 2024**

Changes in endowment investments for the years ended June 30, 2025 and 2024, follow:

| 2025   | Net Assets<br>Without Donor<br>Restrictions | Net Assets With Donor Restrictions |                |  | Total Funds 2025 |
|--|---|------------------------------------|----------------|--|------------------|
|  |   | Spendable                          | Corpus         |  |                  |
| Board-designated/quasi-endowment                             | \$ 158,789,900                              | \$ -                               | \$ -           |  | \$ 158,789,900   |
| Donor-restricted endowment:                                  |   |                                    |                |  |                  |
| Underwater   | -   | -                                  | -              |  | -                |
| Other  | -   | 229,515,700                        | 283,688,300    |  | 513,204,000      |
| Total endowment funds  | \$ 158,789,900                              | \$ 229,515,700                     | \$ 283,688,300 |  | \$ 671,993,900   |
| Endowment net assets, beginning of year                      | \$ 138,797,900                              | \$ 190,395,400                     | \$ 270,565,400 |  | \$ 599,758,700   |
| Investment activity  | 21,850,200                                  | 59,640,800                         | -              |  | 81,491,000       |
| Contributions/cash collected on endowment multi-year pledges | 6,444,800                                   | -                                  | 13,122,900     |  | 19,567,700       |
| Proceeds from sale of investments/purchases, net             | 258,500                                     | -                                  | -              |  | 258,500          |
| Amounts appropriated for expenditure                         | (8,561,500)                                 | (20,520,500)                       | -              |  | (29,082,000)     |
| Total endowment activity                                     | 19,992,000                                  | 39,120,300                         | 13,122,900     |  | 72,235,200       |
| Endowment net assets, end of year                            | \$ 158,789,900                              | \$ 229,515,700                     | \$ 283,688,300 |  | \$ 671,993,900   |
| 2024   | Net Assets Without<br>Donor Restrictions    | Net Assets With Donor Restrictions |                |  | Total Funds 2024 |
|  |   | Spendable                          | Corpus         |  |                  |
| Board-designated/quasi-endowment                             | \$ 138,797,900                              | \$ -                               | \$ -           |  | \$ 138,797,900   |
| Donor-restricted endowment:                                  |   |                                    |                |  |                  |
| Underwater   | -   | -                                  | -              |  | -                |
| Other  | -   | 190,395,400                        | 270,565,400    |  | 460,960,800      |
| Total endowment funds  | \$ 138,797,900                              | \$ 190,395,400                     | \$ 270,565,400 |  | \$ 599,758,700   |
| Endowment net assets, beginning of year                      | \$ 134,057,200                              | \$ 169,817,000                     | \$ 260,543,100 |  | \$ 564,417,300   |
| Investment activity  | 12,784,500                                  | 40,124,300                         | -              |  | 52,908,800       |
| Contributions/cash collected on endowment multi-year pledges | -   | -                                  | 10,022,300     |  | 10,022,300       |
| Proceeds from sale of investments/purchases, net             | (114,600)                                   | -                                  | -              |  | (114,600)        |
| Amounts appropriated for expenditure                         | (7,929,200)                                 | (19,545,900)                       | -              |  | (27,475,100)     |
| Total endowment activity                                     | 4,740,700                                   | 20,578,400                         | 10,022,300     |  | 35,341,400       |
| Endowment net assets, end of year                            | \$ 138,797,900                              | \$ 190,395,400                     | \$ 270,565,400 |  | \$ 599,758,700   |

Endowment net asset amounts are net of contributions receivable for endowment and the associated discount on such receivables.

Endowment investments of \$671,993,900 and \$599,758,700 are included within investments on the accompanying statements of financial position as of June 30, 2025 and 2024, respectively. In addition, CFR recorded endowment receivables of \$6,702,000 and \$9,275,400 as of June 30, 2025 and 2024, respectively, which are recorded as part of net assets with donor restrictions on the accompanying

**Council on Foreign Relations, Inc.**

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**June 30, 2025 and 2024**

statements of financial position. Such endowment receivables are excluded from the endowment until such time payment is received and are then included as part of contributions/cash collected on endowment multi-year pledges.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires CFR to retain as a fund of perpetual duration. In accordance with CFR's policy, see Note 2, deficiencies of this nature are reported in net assets with donor restrictions. These deficiencies result from unfavorable market fluctuations whereby the respective fair value of a donor-restricted endowment fund falls below the amount that is required to be maintained by law or donor restriction. As of June 30, 2025 and 2024, there were no such deficiencies.

**NOTE 11 - FAIR VALUE MEASUREMENTS**

Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy was established by the FASB, which prioritizes observable and unobservable inputs used to measure fair value into three levels, as described below:

- Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 measurements also include U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3 - Valuations for assets and liabilities that are derived using other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Observable inputs reflect assumptions market participants would use in pricing the assets or liabilities developed from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

CFR uses NAV to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The value represents the ownership interest in the hedge fund or respective partnership. The NAV of the investments held by limited partnerships and hedge funds that do not have readily determinable fair values are determined by the general partner or hedge fund manager and are based on appraisals, or other estimates that require varying degrees of judgment. CFR performs due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30. Because of the inherent uncertainty of valuing these investments and certain underlying investments held by them, CFR's estimate of fair value may differ significantly from the values that would have been used had a ready market for such investments existed. These investments may be illiquid and thus there can be no assurance that CFR will be able to realize the value of such investments in a timely manner. For partnership interests, gains and losses are dependent upon the general partners' distributions during the life of each partnership.

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**June 30, 2025 and 2024**

Financial assets and liabilities reported at fair value on the accompanying financial statements, excluding pending purchases and redemptions, as of June 30, 2025 and 2024, are classified in the leveling hierarchy described above as follows:

|  | 2025                  |                      |                       |                       |
|--|-----------------------|----------------------|-----------------------|-----------------------|
|  | Level 1               | Level 2              | Net Asset Value       | Total                 |
| Assets reported at fair value                          |                       |                      |                       |                       |
| Investments:   |                       |                      |                       |                       |
| Cash and cash equivalents                              | \$ 21,820,700         | \$ 10,909,300        | \$ -                  | \$ 32,730,000         |
| Global equity  | 79,881,800            | -                    | 208,008,800           | 287,890,600           |
| Deflation hedges                                       | -                     | 40,635,300           | -                     | 40,635,300            |
| Non-liquidating credit and hedged strategies           | -                     | -                    | 143,745,900           | 143,745,900           |
| Liquidating global equity and credit-hedged strategies | -                     | -                    | 299,200               | 299,200               |
| Private equity, venture capital and growth equity      | -                     | -                    | 165,897,800           | 165,897,800           |
| Private hard assets                                    | -                     | -                    | 795,100               | 795,100               |
| Total investments                                      | <u>101,702,500</u>    | <u>51,544,600</u>    | <u>518,746,800</u>    | <u>671,993,900</u>    |
| Total assets reported at fair value                    | <u>\$ 101,702,500</u> | <u>\$ 51,544,600</u> | <u>\$ 518,746,800</u> | <u>\$ 671,993,900</u> |
| Liabilities reported at fair value                     |                       |                      |                       |                       |
| Interest-rate swap agreement:                          | \$ -                  | \$ (540,200)         | \$ -                  | \$ (540,200)          |
| Total liabilities reported at fair value               | <u>\$ -</u>           | <u>\$ (540,200)</u>  | <u>\$ -</u>           | <u>\$ (540,200)</u>   |
| 2024   |                       |                      |                       |                       |
|  | Level 1               | Level 2              | Net Asset Value       | Total                 |
| Assets reported at fair value                          |                       |                      |                       |                       |
| Investments:   |                       |                      |                       |                       |
| Cash and cash equivalents                              | \$ 10,704,900         | \$ -                 | \$ -                  | \$ 10,704,900         |
| Global equity  | 62,757,900            | -                    | 183,426,900           | 246,184,800           |
| Deflation hedges                                       | -                     | 54,639,400           | -                     | 54,639,400            |
| Non-liquidating credit and hedged strategies           | -                     | -                    | 147,610,600           | 147,610,600           |
| Liquidating global equity and credit-hedged strategies | -                     | -                    | 280,700               | 280,700               |
| Private equity, venture capital and growth equity      | -                     | -                    | 139,172,100           | 139,172,100           |
| Private hard assets                                    | -                     | -                    | 1,166,200             | 1,166,200             |
| Total investments                                      | <u>73,462,800</u>     | <u>54,639,400</u>    | <u>471,656,500</u>    | <u>599,758,700</u>    |
| Interest-rate swap agreement                           | -                     | 162,000              | -                     | 162,000               |
| Total assets reported at fair value                    | <u>\$ 73,462,800</u>  | <u>\$ 54,801,400</u> | <u>\$ 471,656,500</u> | <u>\$ 599,920,700</u> |

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**June 30, 2025 and 2024**

Investments in money market funds and corporate equities are valued using quoted market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets as of the measurement date. Investments in corporate obligations and U.S. government bonds and notes are valued using quoted prices in inactive markets (Level 2). Level 2 valuations are obtained from similar assets or liabilities or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

The fair value of the interest-rate swap agreement is determined using observable market inputs such as current interest rates, credit risk of CFR, and that of its counterparty (Level 2).

Certain of CFR's investments classified as alternative investments are recorded at fair value in an amount equal to the NAV, as reported by the investment managers, of shares of units held by CFR at year end. Such investments have not been categorized within the fair value hierarchy in accordance with ASU 2015-07. The financial statements of these alternative investments are prepared in accordance with U.S. GAAP and are audited annually by independent auditors.

CFR's alternative investment strategies include diversified portfolio allocations across a broad range of equity, debt, derivative, and commodity investments. Redemptions, at NAV, of shares in these investments range from quarterly to annually, generally with 10 to 90 days' notice, and typically after the expiration of any defined lock-up period(s).

The following tables summarize CFR's investments valued at NAV:

| Investment Type  | # of Funds | Fair Value            | Unfunded Commitments | 2025   |   |
|--|------------|-----------------------|----------------------|--|---|
|  |            |                       |                      | Redemption Terms   | Redemption Restrictions   |
| Global equity  | 9          | \$ 208,008,800        | \$ -                 | Monthly - 11%<br>Quarterly - 56%<br>Annually - 33%                         | 1 fund has 2-year Lock-Up<br>2 funds have 12.5% Investor Gate of NAV<br>1 fund has 25% Investor Gate of NAV<br>3 funds have 33% Investor Gate of NAV<br>3 funds have no Investor Gate   |
| Non-liquidating credit and hedged strategies           | 6          | 143,745,900           | 4,520,000            | Annually - 17%<br>Semi-annually - 17%<br>Quarterly - 50%<br>Illiquid - 16% | 1 fund has 6-month Lock-Up<br>1 fund has 3-year Lock-Up<br>1 fund has 8.3% Investor Gate of NAV<br>1 fund has 12.5% Investor Gate of NAV<br>1 fund has 25% Investor Gate of NAV<br>2 funds have 50% Investor Gate of NAV<br>1 fund has no Investor Gate |
| Liquidating global equity and credit-hedged strategies | 3          | 299,200               | -                    | Illiquid   | N/A   |
| Private equity, venture capital and growth equity      | 36         | 165,897,800           | 56,785,400           | Biannually - 3%<br>Illiquid - 97%  | N/A   |
| Private hard assets                                    | 2          | 795,100               | 538,700              | Illiquid   | N/A   |
|  | <b>56</b>  | <b>\$ 518,746,800</b> | <b>\$ 61,844,100</b> |  |   |

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

| Investment Type  | # of Funds | Fair Value            | Unfunded Commitments | 2024   |  | Redemption Restrictions |
|--|------------|-----------------------|----------------------|--|--|-------------------------|
|  |            |                       |                      | Redemption Terms   |  |                         |
| Global equity  | 9          | \$ 183,426,900        | \$ -                 | Monthly - 11%  | 1 fund has 2-year Lock-Up<br>2 funds have 12.5% Investor Gate of NAV<br>1 fund has 25% Investor Gate of NAV<br>3 funds have 33% Investor Gate of NAV<br>3 funds have no Investor Gate        |                         |
|  |            |                       |                      | Quarterly - 56%  |  |                         |
|  |            |                       |                      | Annually - 33%   |  |                         |
| Non-liquidating credit and hedged strategies           | 6          | 147,610,600           | 4,680,000            | Annually - 17%<br>Semi-annually - 17%<br>Quarterly - 50%<br>Illiquid - 16% | 1 fund has 8.3% Investor Gate of NAV<br>1 fund has 12.5% Investor Gate of NAV<br>1 fund has 25% Investor Gate of NAV<br>2 funds have 50% Investor Gate of NAV<br>1 fund has no Investor Gate |                         |
|  |            |                       |                      |  |  |                         |
|  |            |                       |                      |  |  |                         |
| Liquidating global equity and credit-hedged strategies | 3          | 280,700               | -                    | Illiquid   | N/A  |                         |
| Private equity, venture capital and growth equity      | 32         | 139,172,100           | 64,372,000           | Biannually - 3%<br>Illiquid - 97%  | N/A  |                         |
| Private hard assets                                    | 2          | 1,166,200             | 561,578              | Illiquid   | N/A  |                         |
|  | <u>52</u>  | <u>\$ 471,656,500</u> | <u>\$ 69,613,578</u> |  |  |                         |

**NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

CFR regularly monitors liquidity required to meet its operating needs. CFR's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

|   | 2025                 | 2024                  |
|---|----------------------|-----------------------|
| Cash and cash equivalents   | \$ 53,781,800        | \$ 62,000,300         |
| Accounts receivables, net, due within one year                                      | 3,135,800            | 3,215,400             |
| Grants and contributions receivable, due within one year, unrestricted as to use    | <u>11,539,900</u>    | <u>9,450,700</u>      |
| Total financial assets available within one year                                    | 68,457,500           | 74,666,400            |
| Add: anticipated investment return used for current operations (endowment spending) | <u>28,916,600</u>    | <u>27,580,100</u>     |
| Total financial assets available to management                                      | <u>\$ 97,374,100</u> | <u>\$ 102,246,500</u> |

Excluded from the detail provided above are all investment amounts pertaining to CFR's endowment fund totaling \$671,993,900 and \$599,758,700 as of June 30, 2025 and 2024, respectively. CFR's endowment fund includes both donor-restricted investments (original gift amount and accumulated gains) and CFR's board-designated endowment (quasi-endowment) (see Note 10 for a detail of CFR's endowment fund). Earnings from donor-restricted endowment funds are unavailable for general use until appropriated for

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

expenditure. The endowment is subject to an annual spending rate of 5%, as further described in Note 2. Although CFR does not intend to spend from its board-designated endowment, other than amounts appropriated for operations annually, as of June 30, 2025 and 2024, CFR had \$158,789,900 and \$138,797,900, respectively, of board-designated endowment funds available to support operations if necessary, following Board approval. Accordingly, the extent of available financial assets as of June 30, 2025 and 2024 only includes an approximation of investment return that will be made available to fund current operations, pursuant to CFR's Board-approved endowment spending policy.