



**THE CARTER CENTER, INC. AND SUBSIDIARY**

Consolidated Financial Statements

August 31, 2021 and 2020

(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 2000  
303 Peachtree Street, N.E.  
Atlanta, GA 30308-3210

## Independent Auditors' Report

The Board of Trustees  
The Carter Center, Inc.:

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Carter Center, Inc. and its subsidiary (the Center), which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of The Carter Center, Inc. and its subsidiary as of August 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



*Emphasis of Matter*

As discussed in Note 2(e) to the consolidated financial statements, in fiscal year 2020, the Center adopted new accounting guidance in connection with its implementation of Accounting Standards Update (ASU) No. 2018–08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2022 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, Georgia  
May 2, 2022

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Consolidated Statements of Financial Position

August 31, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 66,284,099	51,231,197
Accounts receivable:		
Due from conditional agreements	5,891,939	8,277,909
Other	<u>324,728</u>	<u>371,670</u>
Total accounts receivable	6,216,667	8,649,579
Contributions receivable, net (note 3)	287,519	1,650,019
Inventory (notes 4, 9, and 15)	761,043	2,249,366
Investments (notes 5 and 7)	1,178,629,329	877,110,169
Property, plant, and equipment, net (note 6)	4,467,709	4,218,509
Artwork	2,435,365	2,428,615
Other assets	<u>214,191</u>	<u>320,045</u>
Total assets	\$ <u>1,259,295,922</u>	<u>947,857,499</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,044,561	7,774,144
Deferred revenue	4,790,884	7,424,532
Annuity obligations (note 7)	<u>5,624,221</u>	<u>5,269,965</u>
Total liabilities	<u>18,459,666</u>	<u>20,468,641</u>
Net assets (note 11):		
Without donor restrictions	454,689,287	335,162,115
With donor restrictions	<u>786,146,969</u>	<u>592,226,743</u>
Total net assets	1,240,836,256	927,388,858
Commitments and contingencies (notes 7, 8, and 16)		
Total liabilities and net assets	\$ <u>1,259,295,922</u>	<u>947,857,499</u>

See accompanying notes to consolidated financial statements.

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Consolidated Statement of Activities

Year ended August 31, 2021  
(with comparative totals for 2020)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
Revenue and support:				
Contributions and grants:				
Operating Programs:	\$ 37,827,527	—	37,827,527	30,746,390
Health	—	35,573,733	35,573,733	52,067,081
Peace	—	13,873,866	13,873,866	12,494,600
Cross-program	—	328,810	328,810	170,950
In-kind gifts (note 9):				
Health	—	204,335,299	204,335,299	259,784,881
Peace	—	115,000	115,000	—
Endowment	—	32,593	32,593	83,962
Total contributions and grants	<u>37,827,527</u>	<u>254,259,301</u>	<u>292,086,828</u>	<u>355,347,864</u>
Endowment fund earnings	12,698,652	22,378,343	35,076,995	34,215,421
Appreciation of endowment investments, net	107,685,518	193,112,940	300,798,458	69,407,230
Facilities use income	115,397	—	115,397	236,315
Interest and investment income	2,546	3,562	6,108	167,935
Net assets released from restrictions:				
Health	260,593,340	(260,593,340)	—	—
Peace	14,842,941	(14,842,941)	—	—
Cross-program	397,639	(397,639)	—	—
Total revenue and support	<u>434,163,560</u>	<u>193,920,226</u>	<u>628,083,786</u>	<u>459,374,765</u>
Expenses:				
Program:				
Health	270,061,266	—	270,061,266	332,120,018
Peace	23,272,069	—	23,272,069	21,596,904
Cross-program	571,419	—	571,419	372,475
Fundraising	9,955,592	—	9,955,592	10,435,333
General and administrative	10,776,042	—	10,776,042	10,453,128
Total expenses	<u>314,636,388</u>	<u>—</u>	<u>314,636,388</u>	<u>374,977,858</u>
Change in net assets	119,527,172	193,920,226	313,447,398	84,396,907
Net assets at beginning of year	<u>335,162,115</u>	<u>592,226,743</u>	<u>927,388,858</u>	<u>842,991,951</u>
Net assets at end of year	<u>\$ 454,689,287</u>	<u>786,146,969</u>	<u>1,240,836,256</u>	<u>927,388,858</u>

See accompanying notes to consolidated financial statements.

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Consolidated Statement of Activities

Year ended August 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2020</u>
Revenues and support:			
Contributions and grants:			
Operating	\$ 30,746,390	—	30,746,390
Programs:			
Health	3,887,186	48,179,895	52,067,081
Peace	1,475,361	11,019,239	12,494,600
Cross program	—	170,950	170,950
In-kind goods and services:			
Health	—	259,784,881	259,784,881
Endowment		83,962	83,962
	<u>36,108,937</u>	<u>319,238,927</u>	<u>355,347,864</u>
Endowment fund earnings	12,203,719	22,011,702	34,215,421
Appreciation of endowment investments	24,906,326	44,500,904	69,407,230
Facilities use income	236,315	—	236,315
Interest and investment income	165,068	2,867	167,935
Net assets released from restrictions:			
Health	322,316,891	(322,316,891)	—
Peace	13,285,885	(13,285,885)	—
Cross program	235,766	(235,766)	—
Operations	—	—	—
Total revenues and support	<u>409,458,907</u>	<u>49,915,858</u>	<u>459,374,765</u>
Expenses:			
Program:			
Health	332,120,018	—	332,120,018
Peace	21,596,904	—	21,596,904
Cross program	372,475	—	372,475
Fundraising office	10,435,333	—	10,435,333
General and administrative	10,453,128	—	10,453,128
Total expenses	<u>374,977,858</u>	<u>—</u>	<u>374,977,858</u>
Change in net assets	34,481,049	49,915,858	84,396,907
Net assets at beginning of year	<u>300,681,066</u>	<u>542,310,885</u>	<u>842,991,951</u>
Net assets at end of year	<u>\$ 335,162,115</u>	<u>592,226,743</u>	<u>927,388,858</u>

See accompanying notes to consolidated financial statements.

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Consolidated Statement of Functional Expenses

Year ended August 31, 2021  
(With comparative totals for 2020)

	Program expenses			Supporting expenses		Total	
	Health	Peace	Cross-program	Fundraising	General and administrative	2021	2020
Salaries and benefits	\$ 23,341,825	10,666,365	220,349	4,887,534	6,077,327	45,193,400	45,155,632
Consulting	6,324,601	5,086,580	58,557	594,339	1,513,622	13,577,699	11,578,439
Communications	2,865,186	596,455	3,177	2,281,917	211,550	5,958,285	4,847,952
Services	205,835	629,028	7,607	1,210,247	494,269	2,546,986	2,886,988
Office and equipment	2,530,663	924,705	2,157	177,767	541,913	4,177,205	3,906,026
Vehicles	4,654,024	331,942	17	295	489	4,986,767	4,777,891
Travel/meetings	15,133,744	1,611,528	98	39,872	21,788	16,807,030	18,856,712
Interventions (note 2(k))	211,817,490	—	—	—	—	211,817,490	269,148,039
Other	1,154,082	150,648	3,041	312,519	1,168,799	2,789,089	2,407,961
Grants	1,511,856	2,892,333	250,000	—	—	4,654,189	9,164,764
	<u>269,539,306</u>	<u>22,889,584</u>	<u>545,003</u>	<u>9,504,490</u>	<u>10,029,757</u>	<u>312,508,140</u>	<u>372,730,404</u>
Common area and depreciation	<u>521,960</u>	<u>382,485</u>	<u>26,416</u>	<u>451,102</u>	<u>746,285</u>	<u>2,128,248</u>	<u>2,247,454</u>
Total expenses	<u>\$ 270,061,266</u>	<u>23,272,069</u>	<u>571,419</u>	<u>9,955,592</u>	<u>10,776,042</u>	<u>314,636,388</u>	<u>374,977,858</u>

See accompanying notes to consolidated financial statements.

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Consolidated Statement of Functional Expenses

Year ended August 31, 2020

	Program expenses			Supporting expenses		Total
	Health	Peace	Cross-program	Fundraising	General and administrative	
Salaries and benefits	\$ 24,135,836	9,969,435	222,529	4,927,561	5,900,271	45,155,632
Consulting	6,148,364	3,691,678	41,440	471,620	1,225,337	11,578,439
Communications	1,883,180	399,890	5,191	2,295,561	264,130	4,847,952
Services	390,239	537,120	7,542	1,464,735	487,352	2,886,988
Office and equipment	2,344,319	871,260	15,154	200,884	474,409	3,906,026
Vehicles	4,396,751	380,176	21	355	588	4,777,891
Travel/meetings	15,324,859	3,030,147	15,081	354,459	132,166	18,856,712
Interventions (note 2(k))	269,148,039	—	—	—	—	269,148,039
Other	860,475	120,191	2,716	243,789	1,180,790	2,407,961
Grants	6,936,760	2,193,098	34,906	—	—	9,164,764
	<u>331,568,822</u>	<u>21,192,995</u>	<u>344,580</u>	<u>9,958,964</u>	<u>9,665,043</u>	<u>372,730,404</u>
Common area and depreciation	<u>551,196</u>	<u>403,909</u>	<u>27,895</u>	<u>476,369</u>	<u>788,085</u>	<u>2,247,454</u>
Total expenses	<u>\$ 332,120,018</u>	<u>21,596,904</u>	<u>372,475</u>	<u>10,435,333</u>	<u>10,453,128</u>	<u>374,977,858</u>

See accompanying notes to consolidated financial statements.



**THE CARTER CENTER, INC. AND SUBSIDIARY**

Consolidated Statements of Cash Flows

Years ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 313,447,398	84,396,907
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	666,632	676,025
Appreciation of endowment investments, net	(300,711,231)	(69,407,230)
Appreciation of non-endowment investments, net	(87,227)	(64,044)
Donated artwork	(6,750)	(3,200)
Contributions restricted in perpetuity, net	(84,494)	(83,962)
Net change in inventory balances due to noncash contributions and distributions	1,488,323	5,309,157
Changes in operating assets and liabilities:		
Accounts receivable	2,432,912	(4,471,787)
Contributions receivable, net of donor endowment	1,362,500	1,513,429
Other assets	105,854	(282,544)
Accounts payable and accrued expenses, deferred revenue, and annuity obligations	<u>(638,305)</u>	<u>6,408,532</u>
Net cash provided by operating activities	<u>17,975,612</u>	<u>23,991,283</u>
Cash flows from investing activities:		
Purchase of property and equipment, net of related payables	(915,832)	(303,463)
Endowment fund earnings	(35,076,995)	(34,215,421)
Purchase of investments	(1,706,978)	(441,410)
Sale of investments	<u>35,426,896</u>	<u>17,014,369</u>
Net cash used in investing activities	<u>(2,272,909)</u>	<u>(17,945,925)</u>
Cash flows from financing activities:		
Contributions restricted in perpetuity, net	84,494	83,962
Payments on annuities and trusts	<u>(734,295)</u>	<u>(689,313)</u>
Net cash used in financing activities	<u>(649,801)</u>	<u>(605,351)</u>
Net change in cash and cash equivalents	15,052,902	5,440,007
Cash and cash equivalents at beginning of year	<u>51,231,197</u>	<u>45,791,190</u>
Cash and cash equivalents at end of year	<u>\$ 66,284,099</u>	<u>51,231,197</u>

See accompanying notes to consolidated financial statements.

## THE CARTER CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

### (1) Organization and Operation

The Carter Center, Inc. (the Center), formerly known as Carter Presidential Library, Inc. and Carter Presidential Center, Inc., was organized on October 26, 1981 under the laws of the State of Georgia as a not-for-profit corporation to be operated exclusively for charitable and educational purposes.

The Center operates programmatically under two main action areas: Peace and Health. The Center also receives broad-based support deemed to be beneficial to all programs and categorized as Cross-program.

Initiatives in Peace include preventing and resolving conflict, protecting basic human rights, promoting rule of law, and monitoring elections in emerging democracies. The Health area strives to improve health in the United States and around the world. Initiatives include disease eradication and control and mental health reform. The Center operates field offices in various African, Asian, and Latin American countries, as needed, to fulfill its programmatic objectives.

The board of trustees (the Board) of the Center consists of President Carter and Mrs. Carter, the president of Emory University, 10 members appointed by Emory University's board of trustees, and 11 members appointed by President Carter and those trustees not appointed by Emory University's board of trustees (Carter Center class of the Center's trustees). Additionally, Emory University's board of trustees has the authority to approve amendments to the Center's articles of incorporation and bylaws. Carter Center of Emory University (CCEU) (an affiliate of CCI) is a department of Emory University that was established to assist with the operations of the Center's programs. The financial data for CCEU is not included in these consolidated financial statements as it is considered part of the Emory University reporting entity.

### (2) Summary of Significant Accounting Policies and Other Matters

#### (a) Basis of Accounting

The consolidated financial statements of the Center have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

#### (b) Principles of Consolidation

The consolidated financial statements of the Center include the activity of The Carter Center Collaborative, Inc. (CCC), an affiliated tax-exempt not-for-profit corporation that supports the Center's mission through receipt of in-kind goods and services. All significant intercompany transactions are eliminated on consolidation.

#### (c) Basis of Presentation

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

**Net assets without donor restrictions** – Net assets that are not subject to donor imposed stipulations.

**Net assets with donor restrictions** – Net assets subject to donor imposed stipulations that may or will be met either by actions of the Center and/or the passage of time.

## THE CARTER CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

### **(d) Cash and Cash Equivalents**

The Center's cash and cash equivalents represent liquid financial instruments with an original maturity of three months or less that are not invested as part of the investment assets. These amounts, carried at cost, approximate fair value.

### **(e) Contributions**

Effective September 1, 2019, the Center adopted Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which clarifies whether grants (or similar transactions) should be accounted for as contributions or exchange transactions and whether contributions are conditional or unconditional. The Center evaluated all grant awards and amendments in effect after this date. The standard was adopted on a modified prospective basis and there were no resultant changes to the opening balance of net assets. Under ASU 2018-08, contributions and grants accounted for as a contribution are conditional if the agreement includes both a donor-imposed barrier that must be overcome and a right of return or release of funds. The adoption of ASU 2018-08 only impacts revenue that was not recognized at the date of adoption.

Contributions received, including unconditional promises to give, are recognized as revenue when assets or a donor's unconditional commitment or when right of return of the contribution to the donor no longer exists is received. Conditional contributions are recognized as revenue once qualifying expenses are incurred or when right of return of the contribution to the donor no longer exists, as specified in the terms and conditions of the agreements.

The Center has elected the simultaneous release policy available under ASU No. 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Unconditional promises to give are discounted using interest rates approximating fair value at the date of the gift.

Contributions are considered to be available for use without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

### **(f) In-Kind Gifts**

Donated materials and equipment, primarily medical supplies, are reflected in the consolidated statements of activities as contributions at their estimated fair values. Donated services are reflected as contributions if the following criteria are met: (1) the services received create or enhance nonfinancial assets or (2) the services require specialized skills are provided by individuals possessing those skills,

## THE CARTER CENTER, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

August 31, 2021 and 2020

and would be purchased if not provided by donation. Donated services are recognized at fair value as the services are performed.

#### **(g) Inventory**

Inventory primarily consists of medication used by the Center to treat diseases that are the subject of the Center's health programs. Inventory is received as an in-kind donation and is valued using the first in, first out method at fair value at the time of the gift. Values, as determined by the donor and independent third-party pricing information, are utilized in management's fair value estimate.

#### **(h) Investments**

Investments in the pooled investment fund (the Fund) (note 5) are stated at fair value as determined by the manager, Emory University. Emory University's pooled investments in securities and listed funds are valued using quoted prices in active markets, if available; otherwise, if the market is inactive, fair value is determined by Emory University in accordance with its valuation policy.

Investments in alternative investment fund structures held in the Fund are valued by Emory University using the net asset value (NAV) per share of the investment (or its equivalent), as a practical expedient, if (a) the underlying investment manager's calculation of NAV is fair value based, and (b) Emory University does not currently have plans to sell the investment for an amount different from NAV.

All other investments are stated at fair value based on quoted market prices. Investment return, including net realized and unrealized gains or losses, is recognized when earned and reported in the consolidated statement of activities.

The values of the investments in the pooled endowment fund determined by Emory University are evaluated by management of the Center who has concluded that such values are reasonable estimates of fair value at August 31, 2021 and 2020.

Investments are exposed to several risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Center's consolidated financial statements.

The Fund may hold investments denominated in currencies other than the U.S. dollar. Thus, there is exposure to currency risk because the value of the investments denominated in other currencies may fluctuate due to changes in currency exchange rates. This can have an effect on the reported value of these assets.

The Fund's investment portfolio is subject to interest rate and credit risks for certain securities whose valuation would be impacted by changes in interest rates. The portfolio is also subject to the risk that the issuer of a debt security may be unable to pay interest or repay principal when it is due.

The value of securities held by the Fund may decline in response to certain economic events. Such events impacting valuation may include (but are not be limited to) economic changes; market fluctuations; regulatory changes; global and political instability; and currency, interest rate, and commodity price fluctuations.

## THE CARTER CENTER, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

August 31, 2021 and 2020

#### **(i) Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost at the date of acquisition or at fair value at the date of donation, in the case of gifts. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

#### **(j) Artwork**

The Center has capitalized works of art and collectibles received since its inception at the estimated fair value at the date of acquisition. Works of art with service potential that diminishes very slowly over time are not subject to depreciation.

#### **(k) Functional Allocation of Expenses**

The costs of providing the Center's various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Intervention expenses included within the Center's health program service comprise the distribution of donated medications, primarily Mectizan and Zithromax, as well as filter cloth distribution, epidemiological surveys, and health education training and material. Expenses attributable to more than one functional expense category and the basis for allocation is as follows:

<u>Expense</u>	<u>Allocation basis</u>
Depreciation	Square footage
IT department	Estimates of time and costs of specific technology utilized

#### **(l) Federal and Other Government Grants**

The Center receives funding under grants and agreements from US and other government agencies. These funds are generally considered nonreciprocal transactions and are subject to donor conditions and restrictions which are typically met by incurring qualifying expenses for a program. The Center is entitled to the funds once the conditions have been met.

For the years ended August 31, 2021 and 2020, the Center received 1,725,244 GBP (\$2,338,123) and 7,599,756 GBP (\$9,610,772), respectively, from the United Kingdom Foreign Commonwealth & Development Office (FCDO), the agency formed by the September 2020 merger of the Department for International Development (DFID) and the Foreign Commonwealth Office (FCO), in support of the Center's Guinea Worm Eradication Program.

For the years ended August 31, 2021 and 2020, Irish Aid contributed 200,000 Euros (\$242,376) and 200,000 Euros (\$218,596), respectively, to the Center to support Advancing Women's Right of Access to Information in Liberia.

For the year ended August 31, 2021, the Center received 87,764 Euros (\$103,414) from Irish Aid to support the Monitoring Digital Threats on Social Media in Liberia Initiative. Irish Aid also contributed 198,304 Euros (\$239,726) to the Center for the year ended August 31, 2021 to support Expanding Advancement of the Right of Access to Information for Women in Liberia. No amounts were received from Irish Aid to support these initiatives in 2020.

## THE CARTER CENTER, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

August 31, 2021 and 2020

For the years ended August 31, 2021 and 2020, the Norwegian Ministry of Foreign Affairs contributed \$0 and 1,000,000 Norwegian Kroner (\$94,219), respectively, to support Monitoring Elections in Guyana.

For the years ended August 31, 2021 and 2020, the Swiss Confederation contributed \$73,975 and \$179,955, respectively, to support Civil Society Organization engagement in inclusive and credible elections in Tunisia. For the years ended August 31, 2021 and 2020, the Swiss Confederation contributed \$0 and \$99,973, respectively, to support Monitoring Digital Threats on Social Media in Myanmar.

#### **(m) Tax Status**

The Center has received a determination letter from the Internal Revenue Service (IRS) dated December 16, 1991, and CCCI has received a determination letter from the IRS dated March 22, 2007, each indicating recognition as an organization described in Section 501(c)(3) of the Internal Revenue Code (the Code) whereby only unrelated business income, as defined by Section 512(a) of the Code, is subject to federal income tax.

The Center applies Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes* (ASC 740), which addresses the accounting for uncertainty in income tax positions. It also provides guidance on when tax positions are recognized in an entity's financial statements and how the values of these positions are determined. There is currently no impact on the consolidated financial statements as a result of ASC 740.

#### **(n) Use of Estimates**

The preparation of the consolidated financial statements requires management to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the fair value of inventory; fair values of investments without readily determinable fair value; and obligations under split-interest agreements. Actual results could differ from those estimates.

#### **(o) Recently Issued Accounting Standards**

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity also should disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Center adopted ASU 2014-09 effective September 1, 2019. The adoption did not have a material impact on the consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Liabilities* (ASU 2016-01). ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The ASU is effective for Not-For-Profit Entities for fiscal years beginning after December 15, 2018, with early adoption restricted to

## THE CARTER CENTER, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

August 31, 2021 and 2020

certain provisions and within certain time periods. Under the ASU, Not-For-Profit Entities are no longer required to disclose fair value information concerning financial instruments measured at amortized cost, such as long term debt. The Center adopted ASU 2016-01 effective September 1, 2019. The adoption did not have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02). ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840, *Leases*. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which delayed the effective date for this standard to fiscal years beginning after December 15, 2021. The Center plans to adopt ASU 2021-05 during the fiscal year ending August 31, 2023. The Center has not yet determined the impact of the new standard on its current policies but does not expect the adoption to have a material impact on the Statement of Financial Position.

In March 2019, the FASB issued ASU No. 2019-03, *Not-For-Profit Entities (Topic 958) – Updating the Definition of Collections* (ASU 2019-03). The amendments in ASU 2019-03 modify the definition of the term *collections* and require that a collection holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (i.e., removed from a collection). If a collection holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, the ASU requires that the collection holding entity disclose its definition of direct care. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2019. The Center's implementation of the provisions of ASU 2019-03 during 2021 did not have a material impact on the Center's consolidated financial statements.

The FASB issued ASU 2020-07 *Not-For-Profit Entities (Topic 958) on Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, which requires organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from cash and other financial assets, and disaggregate into different categories of the nonfinancial assets. For each category, the qualitative information is required, and whether the contributed nonfinancial asset was monetized or utilized during the reporting period. For utilized assets the description of programs and other activities and donor imposed restrictions on the use of assets need to be disclosed. The policy about monetizing rather than utilizing nonfinancial assets, valuation techniques and principal markets used to arrive at a fair value measure at initial recognition also need to be disclosed. The term nonfinancial asset includes fixed assets (land, building, equipment) or utilities, materials, supplies, intangible assets, services and unconditional promises of these assets. The update should be applied on retrospective basis and is effective for the Center's fiscal year ending August 31, 2022. The Center has not yet determined the impact of the new Center's standard on its financial statements.

#### **(p) COVID-19**

The novel coronavirus (COVID-19) global pandemic has affected many of the countries in which the Center operates. Starting in March 2020, interruptions in business and government operations in these countries have impacted the Center's planned programming to varying degrees based on the nature of each program. Travel has been severely limited both internationally and within each country.

## THE CARTER CENTER, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

August 31, 2021 and 2020

The Center has taken strong measures to protect its staff, program partners and beneficiaries from the effects of COVID-19, including office closures, required social distancing, adherence to local government requirements, and other general health and safety measures.

Institutional donors have played an important role by granting the Center increased flexibility with their awards through time extensions and budget adjustments. These adjustments, along with additional internal resources, have allowed the Center to maintain its programmatic footprint to continue providing services and be in position to resume full capacity when it is safe to do so.

### (3) Contributions Receivable

Contributions receivable consist of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
With donor restrictions:		
Endowment	\$ 199,323	199,323
Health	<u>88,196</u>	<u>1,450,696</u>
	<u>\$ 287,519</u>	<u>1,650,019</u>

The anticipated receipts of these receivables are as follows at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 287,519	1,650,019
One to five years	—	—
More than five years	—	—
Less unamortized discount	<u>—</u>	<u>—</u>
	<u>\$ 287,519</u>	<u>1,650,019</u>

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions on the contributions. In the opinion of the Center's management, all contributions receivable recorded at August 31, 2021 and 2020 are deemed fully collectible.

### (4) Inventory

Inventory was comprised of Zithromax medication in the amount of \$761,043 and \$2,249,366 as of August 31, 2021 and 2020, respectively.



**THE CARTER CENTER, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

**(5) Investments**

The Center invests the majority of its investments in a pooled investment fund managed and held in trust by Emory University. The Center's investments also include assets invested for its charitable gift annuities and charitable remainder trusts. These investments are presented in the accompanying consolidated statements of financial position at their fair values.

	<u>Fair value</u>	
	<u>2021</u>	<u>2020</u>
Pooled investments held at Emory University	\$ 1,164,791,763	866,140,055
Cash and cash equivalents	244,016	219,421
Fixed-income securities:		
Domestic mutual funds	4,445,017	4,326,418
Equities:		
Domestic stocks	9,038,108	6,320,964
Domestic mutual funds	110,425	103,311
	<u>\$ 1,178,629,329</u>	<u>877,110,169</u>

As of August 31, 2021, and 2020, respectively, the Center's investment in the pooled investment fund totaled \$1,164,791,763 and \$866,140,055, representing approximately 10.9% and 11.1% of the pool at each of these dates. The composition of total pooled investments held at Emory University is as follows (in thousands):

	<u>2021</u>	<u>2020</u>
Short-term investments and cash equivalents	\$ 657,046	349,199
Public equity	4,542,068	3,555,706
Absolute return/fixed income	942,591	1,065,652
Private equity/venture capital	3,723,724	2,148,955
Real assets	826,654	646,793
Derivative instruments	42,045	2,890
	<u>\$ 10,734,128</u>	<u>7,769,195</u>

Based on Emory University's investment policy statement, investments classified as public equity include global equity securities and commingled funds – equity, as well as alternative investments pursuing such strategies. Absolute return/fixed income investments are comprised of fixed-income securities and commingled funds – fixed income, along with alternative investments pursuing similar credit or opportunistic strategies. Private equity/venture capital includes investments in the private markets, as well as investments in private securities. Real assets include those investments in natural resources and real estate partnerships.

Emory University is subject to limitations and restrictions on its ability to redeem or sell certain of the investments included in its pooled investment fund. Such restrictions vary by investment type and range

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

from required notice periods (generally 30 to 180 days after initial lockup periods) to specified terms at inception (generally 10 years).

The Center and Emory University entered into a Memorandum of Understanding (MOU) during September 2020 which sets forth mutual expectations regarding the management by Emory University of the Center's assets held in trust in the pooled investment fund. The MOU provides that the Center is permitted partial withdrawals of up to 10% per year (inclusive of regular spending payouts), with 30 days' written notice prior to a calendar quarter or fiscal year end. A full withdrawal request by the Center requires at least one year's written notice and is subject to a multi-year distribution schedule in line with the duration of the long-term investment portfolio, as agreed upon by both the Center and Emory University.

**(6) Property, Plant, and Equipment**

The components of property, plant, and equipment at August 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>	<u>Estimated useful lives</u>
Land	\$ 636,732	636,732	N/A
Buildings	17,580,412	17,580,412	30 years
Building improvements	2,716,234	2,158,527	15 years
Grounds and land improvements	192,884	205,446	10 years
Furniture and fixtures	1,061,522	958,118	10 years
Office equipment	271,457	420,627	5 years
Computer equipment	311,507	260,875	3 years
	<u>22,770,748</u>	<u>22,220,737</u>	
Less accumulated depreciation	<u>(18,303,039)</u>	<u>(18,002,228)</u>	
	<u>\$ 4,467,709</u>	<u>4,218,509</u>	

Depreciation expense totaled \$666,632 and \$676,025 during 2021 and 2020, respectively.

**(7) Split-Interest Agreements**

The Center is a beneficiary under several types of split-interest agreements, primarily charitable gift annuities. Under these agreements, the Center acts as trustee of assets received from donors and remits to the donor or other designee a fixed amount for a specified period of time, normally until the death of the donor or other designee. Assets related to charitable gift annuities are recorded at their fair values when received, and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the donor or other designee. At the time of the gift, the Center recognizes contribution revenue for the remainder interest in an amount equal to the difference between the fair value of the assets received and the annuity liability. Discount rates and actuarial assumptions used to determine the annuity liability are typically based on factors, such as applicable federal interest rates and life income beneficiary life expectancies, as determined by mortality tables published by the IRS. The changes in the value of these agreements are included in operating contributions and grants in the accompanying consolidated statements of activities.

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

Certain states have restrictions on investment allocations. Management of the Center believes it has complied with any known restrictions in states in which it has received charitable gifts subject to such restrictions.

The fair value of the assets related to split-interest agreements is included in investments in the accompanying consolidated statements of financial position and totaled \$13,837,566 and \$10,970,114 at August 31, 2021 and 2020, respectively. The annuity liability related to these agreements is \$5,624,221 and \$5,269,965 at August 31, 2021 and 2020, respectively. The net contribution revenue reported for split interest agreements totaled \$2,510,089 and \$1,003,097 for the years ended August 31, 2021 and 2020, respectively.

**(8) Leases**

The Center leases space to various entities under noncancelable operating leases with various terms. The Center leases to CCEU approximately 20% of the Center's space under a lease for a term of 99 years, with a rental payment of \$1 per year. A business agreement with the Center's caterer has no annual rent; rather, the Center receives 5% to 10% of the tenant's gross revenue, as defined in such agreement. Rental income from these leases is included in facilities use income in the accompanying consolidated statements of activities.

**(9) In-Kind Gifts**

The components of in-kind gifts, donated goods, and services for the years ended August 31, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Health:		
Medication	\$ 203,860,578	259,367,121
Other	474,721	417,760
	204,335,299	259,784,881
Peace:		
Other	115,000	—
	\$ 204,450,299	259,784,881

Donations of medication were received primarily from two pharmaceutical companies for the years ended August 31, 2021 and 2020. Such donations are recorded at estimated fair value at the date of the gift. Estimates of fair value are based primarily on analyzing observable market data associated with branded, wholesale and generic pricing; geographic factors; and fair value indicators provided by donors, if any.

## THE CARTER CENTER, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

### (10) Fair Value of Financial Instruments

The Center's estimates of fair value for financial assets and liabilities are based on the framework established in ASC Topic 820, *Fair Value Measurement*. This framework is based on the inputs used in valuations and gives the highest priority to quoted prices in active markets and requires observable inputs to be used in the valuations when available. The disclosure of fair value estimates in the hierarchy described below is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Center's significant market assumptions. The three levels of the fair value hierarchy are as follows:

Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets, which are either directly or indirectly observable; examples include quoted prices in active markets of the underlying assets, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in an inactive market, or valuations based on models where significant inputs are observable or can be corroborated by observable market data.

Level 3 – Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets or liabilities.

The fair value hierarchy requires the use of observable market data when available. As required by ASC Topic 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements.

Contributions receivable for current year gifts are initially measured at fair value in the year the receivable is recorded based on the present value of future cash flows discounted at a rate commensurate with risks involved, which is an application of the income approach. At August 31, 2021 and 2020 there were no current year gifts included in contributions receivable.

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and deferred revenue approximates fair value because of the relative terms and short maturity of these financial instruments. The carrying value of annuity obligations approximates fair value and is based on the present value of the estimated future cash flows.

NAV was used as a practical expedient estimate of fair value relative to the Center's interest in the Emory University pooled endowment fund. NAV, in many instances, may not equal fair value that would be determined pursuant to ASC Topic 820. There are no redemption restrictions on the Center with respect to its pooled investments held at Emory University. Investments that are valued using the practical expedient, as described above, are labeled as NAV and are not categorized within the fair value hierarchy. The Center does not hold any investments that would be categorized as Level 3 investments as of August 31, 2021 and 2020, respectively.

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

The following table summarizes the valuation of the Center's financial instruments, which are recorded at fair value by the ASC Topic 820 fair value hierarchy levels as of August 31, 2021:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 66,528,115	—	66,528,115
Fixed-income securities:			
Domestic mutual funds	4,445,017	—	4,445,017
Equities:			
Domestic stocks	9,038,108	—	9,038,108
Domestic mutual funds	110,425	—	110,425
Interest in Emory University pooled endowment fund	—	1,164,791,763	1,164,791,763
<b>Total</b>	<b>\$ 80,121,665</b>	<b>1,164,791,763</b>	<b>1,244,913,428</b>

The following table summarizes the valuation of the Center's financial instruments, which are recorded at fair value by the ASC Topic 820 fair value hierarchy levels as of August 31, 2020:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 51,450,618	—	51,450,618
Fixed-income securities:			
Domestic mutual funds	4,326,418	—	4,326,418
Equities:			
Domestic stocks	6,320,964	—	6,320,964
Domestic mutual funds	103,311	—	103,311
Interest in Emory University pooled endowment fund	—	866,140,055	866,140,055
<b>Total</b>	<b>\$ 62,201,311</b>	<b>866,140,055</b>	<b>928,341,366</b>

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

**(11) Net Assets**

**(a) Net Assets without Donor Restrictions**

As of August 31, 2021 and 2020, net assets without donor restrictions are as follows:

	<b>2021</b>	<b>2020</b>
Undesignated	\$ 34,166,313	23,082,154
Board-designated for:		
Endowment investment, subject to spending policy and appropriation	420,522,974	312,079,961
	\$ 454,689,287	335,162,115

Net assets without donor restrictions include funds internally designated for endowment investment and program funding. These amounts are classified as net assets without donor restrictions due to the lack of explicit donor stipulations that restrict their use. Unrealized gains or losses on internally designated endowment funds are classified as changes in net assets without restrictions.

**(b) Net Assets with Donor Restrictions**

As of August 31, 2021 and 2020, net assets with donor restrictions are available for the following purposes:

	<b>2021</b>	<b>2020</b>
Donor-restricted for specified purposes:		
Health	\$ 10,061,935	14,286,514
Peace	1,812,933	1,002,950
Cross-program	20,517,735	15,940,119
	32,392,603	31,229,583
Donor-restricted endowments subject to spending policy and appropriation, to support the following purposes:		
Health	22,798,610	16,984,633
Peace	3,254,261	2,457,017
Cross-program	488,144	367,299
General activities	727,213,351	541,188,211
	753,754,366	560,997,160
	\$ 786,146,969	592,226,743

## THE CARTER CENTER, INC. AND SUBSIDIARY

### Notes to Consolidated Financial Statements

August 31, 2021 and 2020

Of the donor-restricted endowment net assets noted above \$164.9 million as of both August 31, 2021 and 2020, represent donor-restricted endowment corpus. The remaining \$588.8 million and \$396.1 million as of August 31, 2021 and 2020, respectively, represent appreciation and reinvested earnings related to the donor-restricted corpus but for which the Center's management and board have full discretion to use within the donor-stipulated purpose, if any, as noted above.

#### **(12) Endowment Funds**

The Center's endowment funds consist of individual donor-restricted endowment funds and funds designated by the Board to function as endowments. The net assets associated with endowment funds, including those funds designated by the Board to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

##### **(a) Interpretation of Relevant Law**

The Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Georgia, as providing, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, spending from an endowment without regard to the book value of the corpus of the fund. As a result of this interpretation, the Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policies of the Center.

The Center invests its endowment assets in a pooled investment fund managed by Emory University. The Board follows the investment return objectives and the spending policy, as directed and managed by Emory University's board of trustees, as set forth in more detail below.

##### **(b) Return Objectives and Risk Parameters**

The Center supports Emory University's investment and spending policies, the objective of which is to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this investment policy, as approved by Emory University's board of trustees, the endowment assets are invested within risk tolerances of Emory University to provide an expected total return in excess of spending and inflation over the long term.

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

**(c) Strategies Employed for Achieving Objectives**

To satisfy its long-term return objectives, the Center relies on Emory University's total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Emory University employs a diversified asset allocation strategy across public equity, absolute return/fixed income, private equity/venture capital, real assets, and derivative instruments to achieve its long-term return objectives within a prudent risk framework.

**(d) Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Center follows Emory University's total return endowment spending policy that establishes the maximum amount of endowment investment return available to support current operating and capital needs. The Center considered the expected return on its endowment, including the effect of inflation in setting the annual appropriation amount. Accordingly, the Center expects the current spending policy to allow its endowment to maintain its purchasing power if projected growth rates are achieved. Additional real growth will be provided by new gifts and any excess investment return.

Endowment funds consist of the following as of August 31, 2021:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	753,754,366	753,754,366
Board-designated endowment funds	420,522,974	—	420,522,974
Total funds	\$ <u>420,522,974</u>	<u>753,754,366</u>	<u>1,174,277,340</u>

Endowment funds consist of the following as of August 31, 2020:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	560,997,160	560,997,160
Board-designated endowment funds	312,079,961	—	312,079,961
Total funds	\$ <u>312,079,961</u>	<u>560,997,160</u>	<u>873,077,121</u>

There were no underwater endowment funds during the fiscal year ended August 31, 2021 or 2020.



**THE CARTER CENTER, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

Changes in endowment funds for the year ended August 31, 2021 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment funds, August 31, 2020	\$ 312,079,961	560,997,160	873,077,121
Contributions	757,495	32,593	790,088
Investment return:			
Endowment fund earnings	12,698,652	22,378,343	35,076,995
Appreciation of endowment investments, net	<u>107,685,518</u>	<u>193,112,940</u>	<u>300,798,458</u>
Total investment return	120,384,170	215,491,283	335,875,453
Appropriation of endowment assets for expenditure	<u>(12,698,652)</u>	<u>(22,766,670)</u>	<u>(35,465,322)</u>
Endowment funds, August 31, 2021	\$ <u><u>420,522,974</u></u>	<u><u>753,754,366</u></u>	<u><u>1,174,277,340</u></u>

Changes in endowment funds for the year ended August 31, 2020 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment funds, August 31, 2019	\$ 279,612,167	522,777,192	802,389,359
Contributions	379,593	83,962	463,555
Investment return:			
Endowment fund earnings	12,203,719	22,011,702	34,215,421
Appreciation of endowment investments, net	<u>24,906,326</u>	<u>44,500,904</u>	<u>69,407,230</u>
Total investment return	37,110,045	66,512,606	103,622,651
Appropriation of endowment assets for expenditure	<u>(5,021,844)</u>	<u>(28,376,600)</u>	<u>(33,398,444)</u>
Endowment funds, August 31, 2020	\$ <u><u>312,079,961</u></u>	<u><u>560,997,160</u></u>	<u><u>873,077,121</u></u>

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

**(13) Liquidity and Availability of Financial Assets**

The Center's financial assets available for general expenditure within one year of August 31, 2021 are as follows:

	<u>2021</u>	<u>2020</u>
Total assets	\$ 1,259,295,922	947,857,499
Less:		
Net assets with donor restrictions for specified purpose, net of inventory	(31,631,560)	(28,980,217)
Donor-restricted and board-designated endowment funds	(1,174,277,340)	(873,077,121)
Inventory	(761,043)	(2,249,366)
Property and equipment	(4,467,709)	(4,218,509)
Artwork	(2,435,365)	(2,428,615)
Other assets	(214,191)	(320,045)
Deferred revenue	(4,790,884)	(7,424,532)
Annuity obligations	<u>(5,624,221)</u>	<u>(5,269,965)</u>
	<u>\$ 35,093,609</u>	<u>23,889,129</u>

The primary sources of liquidity for the Center are cash accounts at headquarters and in the field. The Center structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of unanticipated liquidity needs, the Center's board of trustees may turn to the portion of the Center's endowment classified as without donor restrictions for consideration.

**(14) Related-Party Transactions**

Emory University provides certain administrative functions to the Center, including, but not limited to, payroll administration, investment management, information technology, and legal services. The Center paid Emory University \$638,557 during both the years ended August 31, 2021 and 2020, respectively, for the provision of these services.

Emory University made unrestricted contributions to the Center of \$753,904 and \$753,911, respectively, for the years ended August 31, 2021 and 2020. In addition, CCEU made unrestricted contributions to CCI, primarily related to endowment earnings at CCEU, of \$468,592 during each of the years ended August 31, 2021 and 2020, respectively.

**(15) The Carter Center Collaborative, Inc. (CCCI)**

CCCI received donations of in kind goods for the benefit of the Center totaling \$203,860,578 and \$259,367,121, respectively, for the years ended August 31, 2021 and 2020 that are included in the accompanying consolidated statements of activities. Expenses totaling \$205,348,901 and \$264,676,278 related to the use or grant of these donations are also included in the accompanying consolidated statements of activities for the years ended August 31, 2021 and 2020, respectively. Inventory related to these goods for CCCI totaled \$761,043 and \$2,249,366 as of August 31, 2021 and 2020, respectively, and is included in the accompanying consolidated statements of financial position.

**THE CARTER CENTER, INC. AND SUBSIDIARY**

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

**(16) Commitments and Contingencies**

*Federal Financial Assistance*

Federally funded programs are routinely subject to special audits that could result in claims against the resources of the Center. Management does not believe that there will be any claims arising from such audits that could have a material adverse effect on the financial position of the Center.

**(17) Subsequent Events**

The Center has evaluated subsequent events from the consolidated balance sheet date through May 2, 2022, the date on which the consolidated financial statements were available to be issued. There were no additional matters requiring disclosure as of this date.