Climate Policy Initiative, Inc.

December 31, 2020

Independent Auditors' Report

and

Consolidated Financial Statements

Climate Policy Initiative, Inc.

Independent Auditors' Report
and Consolidated Financial Statements

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Independent Auditors' Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **CLIMATE POLICY INITIATIVE, INC. (CPI)** which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 CPI'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 CPI'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 Climate Policy Initiative, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Summarized Comparative Information

We have previously audited CPI's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our audit report dated June 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
June 29, 2021

Climate Policy Initiative, Inc.

Consolidated Statement of Financial Position

December 31, 2020 (with comparative totals for 2019)	2020	2019
Assets		
Cash and cash equivalents	$ 14,588,097	$ 13,913,760
Grants and accounts receivable	1,830,126	4,695,336
Investments	5,166,164	2,112,528
Prepaid expenses and other assets	797,665	325,196
Fixed assets, net	46,781	77,939
Total assets	$ 22,428,833	$ 21,124,759
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 667,231	$ 520,755
Payroll related accrued expenses	289,739	354,433
Deferred revenue	979,835	
Loan payable - Paycheck Protection Program	316,755	
Total liabilities	2,253,560	875,188
Net Assets:		
Without donor restrictions	7,297,506	5,170,533
With donor restrictions	12,877,767	15,079,038
Total net assets	20,175,273	20,249,571
Total liabilities and net assets	$ 22,428,833	$ 21,124,759

See accompanying notes to consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020 (with comparative totals for 2019)

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	2019 Total
Revenue and Support:				
Grant and contract revenue	$ 7,229,755	$ 5,674,628	$ 12,904,383	$ 13,312,529
Investment income, net	57,483		57,483	108,939
Other income	27,181		27,181	10,032
Net assets released from restrictions	7,475,899	(7,475,899)	-	-
Total revenue and support	14,790,318	(1,801,271)	12,989,047	13,431,500
Expenses:				
Program services	12,521,362		12,521,362	11,234,959
Management and general	960,825		960,825	1,677,728
Fundraising and development	261,240		261,240	349,678
Total expenses	13,743,427	-	13,743,427	13,262,365
Change in Net Assets Before Other Changes in Net Assets	1,046,891	(1,801,271)	(754,380)	169,135
Other Changes in Net Assets:				
Gain on sale of technology (Note 15)	500,000		500,000	-
Unrealized and realized gain (loss) on foreign exchange (Note 12)	580,082		580,082	(82,969)
Restricted grant canceled		(400,000)	(400,000)	-
Total other changes in net assets	1,080,082	(400,000)	680,082	(82,969)
Change in Net Assets	2,126,973	(2,201,271)	(74,298)	86,166
Net Assets, beginning of year	5,170,533	15,079,038	20,249,571	20,163,405
Net Assets, end of year	$ 7,297,506	$ 12,877,767	$ 20,175,273	$ 20,249,571

See accompanying notes to consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020 (with comparative totals for 2019)

	Program Services									
	Climate Finance			Energy	Brazil		Management	Fundraising	2020	2019
	U.S. and UK	India	Indonesia	Finance	Policy Center	Subtotal	and general	and development	Total	Total
Employee related expenses	$ 3,123,494	$ 491,210	$ 308,250	$ 1,144,358	$ 706,999	$ 5,774,311	$ 728,681	$ 261,195	$ 6,764,187	$ 6,187,490
Professional services	1,373,352	1,001,983	164,408	164,856	722,797	3,427,396	598,907		4,026,303	3,739,406
Subcontract expenses	1,610,369					1,610,369			1,610,369	1,228,195
Travel and meetings	41,327	7,922	10,610	14,804	8,219	82,882	34,563		117,445	524,978
Seminars	4,479	2,217	5,076	106		11,878	5,589		17,467	70,629
Rent						-	608,137		608,137	804,034
Office and telecommunications	58,728	10,051	5,603	302	16,728	91,412	202,470	45	293,927	422,910
Information technology	16,904	599	4,519	280	3,836	26,138	89,124		115,262	40,549
Publications and data	38,540	10,547		58,453	8,572	116,112			116,112	161,820
Depreciation and amortization						-	44,845		44,845	53,201
Taxes			4,765			4,765	24,608		29,373	29,153
Subtotal	6,267,193	1,524,529	503,231	1,383,159	1,467,151	11,145,263	2,336,924	261,240	13,743,427	13,262,365
Allocation of common costs:										
Employee related expenses	51,298	60,196	23,359	61,733	6,831	203,417	(203,417)		-	-
Travel and meetings	10,614	3,547	3,443	2,155	14,284	34,043	(34,043)		-	-
Seminars	2,698	118	559	69		3,444	(3,444)		-	-
Professional services	94,340	28,777	65,337	57,362	23,226	269,042	(269,042)		-	-
Rent	312,725	48,143	29,778	155,804	40,779	587,229	(587,229)		-	-
Office and telecommunications	15,228	23,002	22,122	6,300	61,427	128,079	(128,079)		-	-
Information technology	35,271	14,949	6,865	12,958	17,064	87,107	(87,107)		-	-
Depreciation and amortization	1,053				43,792	44,845	(44,845)		-	-
Taxes		18,893				18,893	(18,893)		-	-
Subtotal - indirect allocation	523,227	197,625	151,463	296,381	207,403	1,376,099	(1,376,099)	-	-	-
Total	$ 6,790,420	$ 1,722,154	$ 654,694	$ 1,679,540	$ 1,674,554	$ 12,521,362	$ 960,825	$ 261,240	$ 13,743,427	$ 13,262,365

See accompanying notes to consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Cash Flows

Year Ended December 31, 2020 (with comparative totals for 2019)	2020	2019
Cash Flows from Operating Activities:		
Change in net assets	$ (74,298)	$ 86,166
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	44,845	53,201
Unrealized gain on investments	(32,823)	(26,880)
Changes in assets and liabilities:		
Grants and accounts receivable	2,865,210	2,666,223
Prepaid expenses and other assets	(472,469)	100,395
Accounts payable and accrued expenses	81,782	31,512
Deferred revenue	979,835	
Net cash provided by operating activities	3,392,082	2,910,617
Cash Flows from Investing Activities:		
Sales of investments	1,840,873	950,903
Purchases of investments	(4,861,686)	(1,021,257)
Purchases of fixed assets	(13,687)	
Net cash used in investing activities	(3,034,500)	(70,354)
Cash Flows from Financing Activities:		
Proceeds from loan payable - Paycheck Protection Program	316,755	
Net cash provided by investing activities	316,755	-
Change in Cash and Cash Equivalents	674,337	2,840,263
Cash and Cash Equivalents, beginning of year	13,913,760	11,073,497
Cash and Cash Equivalents, end of year	$ 14,588,097	$ 13,913,760
Components of Cash and Cash Equivalents:		
Cash and cash equivalents	$ 14,520,034	$ 13,913,760
Restricted cash	68,063	
	$ 14,588,097	$ 13,913,760

See accompanying notes to consolidated financial statements.

Note 1 - Organization:

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

In 2015, Climate Policy Initiative established Climate Policy Initiative India Private Limited, an India-based corporation pursuant to sub-section (2) of the section 7 of the Companies Act, 2013 and rule 8 of the Companies Incorporation Rules, 2014. Climate Policy Initiative India Private Limited was established for operations in India and is solely owned by Climate Policy Initiative.

In 2017, Climate Policy Initiative established Climate Policy Foundation, an Indian nonprofit organization pursuant to sub-section (2) of the section 7 of the Companies Act, 2013 (18 of 2013) and rule 18 of the Companies (Incorporation) Rules, 2014. The Climate Policy Foundation is currently inactive, pending final funding approval by the India government. Upon activation of the Climate Policy Foundation, Climate Policy Initiative India Private Limited will be dissolved.

On September 15, 2019, CPI established Yayasan Cendikia Perebahan Iklim Indonesia (CPI Indonesia), a foundation established under the laws of the Republic of Indonesia. CPI Indonesia was established for operations in Indonesia and CPI has both control and economic interest in CPI Indonesia.

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

CPI's primary programs include:

Climate Finance

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

Brazil Policy Center

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

Energy Finance

CPI's Energy Finance program is a multidisciplinary team of economists, analysts, and financial and energy industry professionals that develops innovative finance and market solutions to accelerate the energy transition. The team works with policymakers, investors and companies on climate transition risk; market reform; finance as a catalyst.

On December 31, 2020, the Energy Finance program was discontinued following a transfer agreement signed between CPI and Willis Towers Watson's (WTW) as discussed in Note 15.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Presentation and Description of Net Assets

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

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

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

b. Principles of Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation. Climate Policy Initiative India Private Limited has a fiscal year ending March 31st and CPI Indonesia has a fiscal year ending December 31st. These consolidated financial statements include activities for Climate Policy Initiative India Private Limited and CPI Indonesia for the twelve months ended December 31, 2020 and 2019.

c. Cash and Cash Equivalents

Cash and cash equivalents consist of checking and interest-bearing savings accounts. At December 31, 2020, CPI held $68,063 in cash restricted for the use of the Norwegian Ministry of Foreign Affairs grants. There was no restricted cash at December 31, 2019.

d. Grants and Accounts Receivable

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

e. Investments

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

f. Fair Value Measurements

CPI carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. CPI classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

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

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

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

g. Fixed Assets

Fixed assets include office furniture and equipment stated at cost less accumulated depreciation and amortization. Depreciation is computed on the straight-line basis over the useful life of the asset, which is between three and five years. Leasehold improvements are amortized over the life of the lease or the useful life of the asset, whichever is shorter. Furniture, equipment, software, and leasehold improvements with an acquisition value greater than $5,000 are capitalized. Items purchased which do not meet this criterion are expensed.

h. Revenue Recognition

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

Noncash donations are recorded as contributions at their fair values at the date of receipt.

CPI uses the allowance method to account for uncollectible receivables and contributions. The reserve against contributions receivable is based on historical experience and an evaluation of the outstanding receivables at year end. Management has determined that an allowance for uncollectible receivables was not necessary at December 31, 2020 and 2019.

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

i. Functional Expense

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

j. Tax Status

CPI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and California franchise and/or income taxes under Section 23701(d) of the Revenue and Taxation Code. Furthermore, during 2015, CPI applied to the Internal Revenue Service to be reclassified as a public charity as described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC after completion of the sixty-month advance ruling period that began January 1, 2016 and ended December 31, 2020. On June 8, 2016, the IRS advised CPI that it could be reasonably expected to terminate its private foundation status and that CPI would be treated as a public charity during the sixty-month advance ruling period. Subsequent to year end, CPI submitted the Request for Miscellaneous Determination to the IRS and anticipates the change in classification to be confirmed during 2021.

Climate Policy Initiative India Private Limited is a taxable entity in India. Any tax liabilities are accounted for in the consolidated statements. There was no liability for taxes in 2020.

CPI Indonesia is a nonprofit foundation established under the laws of the Republic of Indonesia The Foundation is subject to income tax on profits derived from consulting service income. There was no liability for taxes in 2020.

CPI follows the guidance on accounting for uncertainty in income taxes according to Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 740. As of December 31, 2020, and 2019, management has evaluated CPI's tax positions and concluded that CPI had maintained its tax-exempt status and has no uncertain tax positions that require adjustment to the consolidated financial statements.

k. Use of Estimates

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

l. Comparative Information and Reclassifications

The consolidated financial statements include certain comparative prior year information which is presented in total but not by net asset class. Accordingly, such information should be read in conjunction with CPI's consolidated financial statements for the year ended December 31, 2019, from which the summarized information is derived.

Certain reclassifications have been made to the 2019 consolidated financial statements in order to conform to the 2020 presentation. These reclassifications had no impact on net assets or changes in net assets.

m. Recent Accounting Pronouncements

Pronouncements effective in the future

In February 2016, the FASB issued ASU 2016-02, *Leases*. Among other things in the amendments in ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: 1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Nonpublic business entities should apply the amendments for years beginning after December 15, 2021. Early adoption is permitted. CPI is currently evaluating the impact on this pronouncement on its consolidated financial statements.

n. Subsequent Events

CPI evaluated subsequent events with respect to the consolidated financial statements for the year ended December 31, 2020 through June 29, 2021, the date the consolidated financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements nor have any subsequent events occurred, the nature of which would require disclosure, except as discussed in Note 2j, Note 6 and 14.

Note 3 - Grants and Accounts Receivable:

Grants and accounts receivable are expected to be received as follows as of December 31, 2020 and 2019:

Year Ending December 31,	2020	2019
2020		$ 4,585,077
2021	$ 1,830,126	110,259
	$ 1,830,126	$ 4,695,336

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

The following is a roll-forward of conditional grants, for which future payments are contingent upon meeting specific milestones and incurring expenses related to the projects:

Balance as of December 31, 2019	$ 11,542,841
Conditional grants received during 2020	6,209,642
Revenue recognized for conditions met during 2020	(7,722,784)
Balance as of December 31, 2020	$ 10,029,699

Note 4 - Investments and Fair Value Measurement:

Investments

Investments, measured at cost and fair value, consist of the following at December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 10,181	$ 9,124
Certificate of deposit	3,004,762	
Fixed income:		
U.S. Treasury notes	1,263,879	492,673
Corporate and foreign bonds	595,117	942,917
Collateralized mortgage notes	292,225	667,814
Total investments	$ 5,166,164	$ 2,112,528

Fair Value Measurement

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

Note 5 - Fixed Assets:

Fixed assets consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Office furniture and equipment	$ 53,149	$ 47,782
Leasehold improvements	245,183	236,863
	298,332	284,645
Less: accumulated depreciation and amortization	(251,551)	(206,706)
Total fixed assets, net	$ 46,781	$ 77,939

Total depreciation and amortization expense was $44,845 and $53,201 for 2020 and 2019, respectively.

Note 6 - Loan Payable - Paycheck Protection Program:

CPI received loan proceeds in the amount of $316,755 under the Paycheck Protection Program (PPP) in April 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses. The loans and accrued interest may be forgivable as long as CPI uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its personnel levels. The amount of loan forgiveness will be reduced if certain requirements are not met. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% per annum. If CPI submits its loan forgiveness application within ten months of the completion of its loan forgiveness covered period, CPI will not be required to make any payments until the forgiveness amount has been communicated by the lender. If any or all of the loan is not forgiven, the unforgiven balance must be repaid by the maturity date of the loan. On July 8, 2021, CPI received forgiveness of the loan including accrued interest.

Note 7 - Net Assets With Donor Restrictions:

As of December 31, 2020 and 2019, net assets with donor restrictions are comprised of:

	2020	2019
Climate Finance - India	$ 5,647,413	$ 6,875,642
Climate Finance - US and UK	4,925,802	4,318,789
Energy Finance		1,383,488
Brazil Policy Center	2,082,482	2,106,571
Climate Finance - Indonesia	158,612	394,548
Diversity, Equity and Inclusion	63,458	
Total	$ 12,877,767	$ 15,079,038

During the years ended December 31, 2020 and 2019, net assets were released from restrictions as follows:

	2020	2019
Climate Finance - India	$ 1,428,229	$ 1,845,756
Climate Finance - US and UK	2,698,116	2,056,436
Energy Finance	983,488	1,324,988
Brazil Policy Center	1,785,566	1,008,111
Climate Finance - Indonesia	568,956	254,120
Diversity, Equity and Inclusion	11,544	
Total	$ 7,475,899	$ 6,489,411

Note 8 - Availability of Financial Assets and Liquidity:

The following table reflects CPI's financial assets as of December 31, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

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

Financial assets at yearend:		
Cash and cash equivalents	$	14,588,097
Grants and accounts receivable		1,830,126
Investments		5,166,164
Other receivables included in prepaid expenses and other assets		524,562
Total financial assets		22,108,949
Less amounts not available to be used within one year:		
Net assets with donor restrictions, including long-term receivables		(12,877,767)
Add amounts available to be used within one year:		
Net assets with donor restrictions to be met in less than a year		7,099,222
		(5,778,545)
Financial assets available to meet general expenditures within one year	$	16,330,404

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

Note 9 - Operating Leases:

CPI had a lease on office facilities in San Francisco which expired in December 2020 and was not renewed awaiting lifting of shelter in place orders in response to COVID-19 (see Note 14). CPI also has operating leases for its office facilities in London, United Kingdom, New Delhi, India, and Jakarta, Indonesia. The approximate minimum future payments under these operating leases are as follows:

Year Ending December 31,		
2021	$	222,000
2022		97,000
2023		71,000
2024		69,000
2025		79,000
Thereafter		158,000
Total minimum future lease payments	$	696,000

Rent expense for the years ended December 31, 2020 and 2019 was $608,137 and $804,034, respectively, net of rental income from the sub-sublease agreement of $154,264 for the year ended December 31, 2020.

In March 2019, CPI entered into a sub-sublease agreement with a tenant to sub-sublease a portion of CPI's office space in San Francisco. Monthly rent was $12,400 per month through December 31, 2019 and increased to $12,772 on January 1, 2020. The agreement expired in December 2020.

Note 10 - Employee Benefit Plan:

CPI maintains a defined contribution retirement plan for all eligible employees. CPI matches employee contributions up to a maximum of six percent of gross earnings, which vests immediately. Total contribution from CPI for the years ended December 31, 2020 and 2019 were $269,745 and $242,338, respectively.

Note 11 - Concentration of Credit Risk:

CPI has identified its financial instruments which are potentially subject to credit risk. These financial instruments consist principally of cash and contributions receivable.

Periodically, throughout the year, CPI has maintained balances in various operating bank accounts in excess of federally insured limits.

A high concentration of CPI's revenue is derived from grant income; one grantor represents approximately 31% and 13% of CPI's total revenue in the years ended December 31, 2020 and 2019, respectively.

Note 12 - Foreign Currency Transactions:

CPI has three foreign offices and one foreign-based affiliate. Foreign currency transactions generally consist of the changing value of foreign currency deposits, funding/payments to the foreign offices and foreign based affiliate, as well as payments to foreign vendors for expenses incurred by foreign offices. Total unrealized and realized gain or loss on foreign currency exchange transactions approximated $580,082 in gains for 2020 and $83,000 in losses for 2019.

Note 13 - Affiliated Organization:

As of January 2011, CPI entered into a partnership with Pontificia Universidade Catolica de Rio de Janeiro to create a research group called Climate Policy Initiative Rio de Janeiro (CPI Rio de Janeiro). The focus of the research group is the analysis of regulatory and financing policies related to climate protection and low carbon development in Brazil. CPI, through a cooperation agreement with Pontificia Universidade Catolica provides funding to cover the activities of CPI Rio de Janeiro. Total funding provided to CPI Rio de Janeiro was $679,000 and $586,500 during 2020 and 2019, respectively. The expenses are a component of the Consolidated Statement of Functional Expenses.

Note 14 - Pandemic:

On March 11, 2020, the World Health Organization publicly characterized a novel strain of the coronavirus (COVID-19) as a pandemic and recommended containment and mitigation measures worldwide. States of emergency were declared in many U.S. federal, state and local jurisdictions and shelter in place orders instituted in many countries, cities and states, including California, which impacted general business operations in most industries and sectors.

During 2020, CPI limited employee travel, postponed and canceled events, and developed contingency plans for operations depending on developments, including having all staff work remotely during this period. In lieu of attending in-person events, CPI participated remotely via video and phone conferences with other participants. As a result, travel and seminar-related expenses declined. During 2021, CPI expects to continue operations, for the most part, at a similar level as in 2020 and will prioritize identifying new office space for CPI's headquarters in San Francisco following the lifting of shelter in place orders.

In addition, financial markets volatility continues to be impacted by the COVID-19 pandemic, the impact of which on CPI's financial position and operations cannot be determined at this time. A decline in market valuations may negatively impact the value of investment portfolios held by CPI donors. Those declines may result in reduced future funding by donors, though as of this date, CPI has not been advised of any specific reductions in current commitments or of future funding plans.

Note 15 - Sale of Technology:

On December 9, 2020, the Board of Directors approved the sale and transfer of CPI's Energy Finance unit including the transfer of specified assets, assumed liabilities, rights and obligations and all Energy Finance operations to a company headquartered in the United Kingdom. CPI received $500,000 as consideration for the intellectual property and goodwill associated with the Energy Finance unit. CPI recognized a gain on the sale of $500,000 in the Consolidated Statement of Activities and Changes in Net Assets.