CLIMATE POLICY INITIATIVE, INC.

DECEMBER 31, 2021

INDEPENDENT AUDITORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

HOOD & STRONG LLP
CERTIFIED PUBLIC ACCOUNTANTS

Climate Policy Initiative, Inc.

Independent Auditors' Report
and Consolidated Financial Statements

HOOD & STRONG LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of **CLIMATE POLICY INITIATIVE, INC. (CPI)** which comprise the consolidated statement of financial position as of December 31, 2021, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of CPI as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of CPI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 15 to the consolidated financial statements, a prior period adjustment was recorded to reclassify $1,846,307 from net assets with restrictions to net assets without restrictions as of December 31, 2020. The adjustment had no effect on total net assets. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPI's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CPI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited CPI's December 31, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
June 13, 2022

Climate Policy Initiative, Inc.

Consolidated Statement of Financial Position

December 31, 2021 (with comparative totals for 2020)		2021		2020
Assets				
Cash and cash equivalents	$	16,732,238	$	14,588,097
Grants and accounts receivable		1,607,151		1,830,126
Investments		5,136,485		5,166,164
Prepaid expenses and other assets		200,316		797,665
Fixed assets, net		522		46,781
Total assets	$	23,676,712	$	22,428,833
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$	702,542	$	667,231
Payroll related accrued expenses		315,734		289,739
Deferred revenue		1,158,636		979,835
Loan payable - Paycheck Protection Program				316,755
Total liabilities		2,176,912		2,253,560
Net Assets:				
Without donor restrictions		13,012,812		9,143,813
With donor restrictions		8,486,988		11,031,460
Total net assets		21,499,800		20,175,273
Total liabilities and net assets	$	23,676,712	$	22,428,833

See accompanying notes to consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2021 (with comparative totals for 2020)

	2021			
	Without Donor Restrictions	With Donor Restrictions	Total	2020 Total
Revenue and Support:				
Grant and contract revenue	$ 8,548,278	$ 6,381,498	$ 14,929,776	$ 12,904,383
Investment income (loss) gain, net	(22,026)		(22,026)	57,483
Other income	26,499		26,499	27,181
Net assets released from restrictions	8,925,970	(8,925,970)	-	-
Total revenue and support	17,478,721	(2,544,472)	14,934,249	12,989,047
Expenses:				
Program services	12,409,447		12,409,447	12,521,362
Management and general	536,686		536,686	960,825
Fundraising and development	194,130		194,130	261,240
Total expenses	13,140,263	-	13,140,263	13,743,427
Change in Net Assets Before Other Changes in Net Assets	4,338,458	(2,544,472)	1,793,986	(754,380)
Other Changes in Net Assets:				
Gain on sale of technology (Note 14)			-	500,000
Forgiveness of loan payable - Paycheck Protection Program (Note 5)	316,755		316,755	-
Unrealized and realized (loss) gain on foreign exchange (Note 11)	(777,264)		(777,264)	580,082
Restricted grant canceled	(8,950)		(8,950)	(400,000)
Total other changes in net assets	(469,459)	-	(469,459)	680,082
Change in Net Assets	3,868,999	(2,544,472)	1,324,527	(74,298)
Net Assets, beginning of year - as reported	7,297,506	12,877,767	20,175,273	20,249,571
Reclassification (Note 15)	1,846,307	(1,846,307)	-	-
Net Assets, beginning of year - as restated	9,143,813	11,031,460	20,175,273	20,249,571
Net Assets, end of year	$ 13,012,812	$ 8,486,988	$ 21,499,800	$ 20,175,273

See accompanying notes to consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021 (with comparative totals for 2020)

	Program Services								
	Climate Finance			Brazil Policy Center	Subtotal	Management and general	Fundraising and development	2021 Total	2020 Total
	U.S. and UK	India	Indonesia						
Employee related expenses	$ 3,584,865	$ 528,748	$ 423,211	$ 1,101,394	$ 5,638,218	$ 416,241	$ 164,849	$ 6,219,308	$ 6,764,187
Professional services	1,496,097	1,201,674	28,065	623,157	3,348,993	360,641		3,709,634	4,026,303
Subcontract expenses	2,176,014				2,176,014	-		2,176,014	1,610,369
Travel and meetings	41,487	1,705	9,772	3,970	56,934	8,545		65,479	117,445
Seminars					-	-		-	17,467
Rent					-	324,572		324,572	608,137
Office and telecommunications	8,961		27	24,129	33,117	205,268		238,385	293,927
Information technology	17,753	3,276		1,502	22,531	238,352		260,883	115,262
Publications and data	65,002			5,584	70,586	13,628		84,214	116,112
Depreciation and amortization					-	46,259		46,259	44,845
Taxes					-	15,515		15,515	29,373
Subtotal	7,390,179	1,735,403	461,075	1,759,736	11,346,393	1,629,021	164,849	13,140,263	13,743,427
Allocation of common costs:									
Employee related expenses	96,095	37,715	42,893	9,947	186,650	(192,107)	5,457	-	-
Travel and meetings	6,904	372	166	100	7,542	(7,762)	220	-	-
Professional services	17,957	50,698	45,687	56,919	171,261	(176,268)	5,007	-	-
Rent	183,453	59,289	29,625	39,292	311,659	(320,771)	9,112	-	-
Office and telecommunications	73,462	39,310	26,293	5,461	144,526	(148,752)	4,226	-	-
Information technology	96,793	26,785	13,241	31,069	167,888	(172,797)	4,909	-	-
Publications and data	9,872	36	1,877	182	11,967	(12,317)	350	-	-
Depreciation and amortization	12,635			33,625	46,260	(46,260)		-	-
Taxes		15,275	26		15,301	(15,301)		-	-
Subtotal - allocation of common costs	497,171	229,480	159,808	176,595	1,063,054	(1,092,335)	29,281	-	-
Total	$ 7,887,350	$ 1,964,883	$ 620,883	$ 1,936,331	$ 12,409,447	$ 536,686	$ 194,130	$ 13,140,263	$ 13,743,427

See accompanying notes to consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Cash Flows

Year Ended December 31, 2021 (with comparative totals for 2020)	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	$ 1,324,527	$ (74,298)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	(316,755)	
Depreciation and amortization	46,259	44,845
Unrealized loss (gain) on investments	112,835	(32,823)
Changes in assets and liabilities:		
Grants and accounts receivable	222,975	2,865,210
Prepaid expenses and other assets	597,349	(472,469)
Accounts payable and accrued expenses	61,306	81,782
Deferred revenue	178,801	979,835
Net cash provided by operating activities	2,227,297	3,392,082
Cash Flows from Investing Activities:		
Sales of investments	519,384	1,840,873
Purchases of investments	(602,540)	(4,861,686)
Purchases of fixed assets		(13,687)
Net cash used in investing activities	(83,156)	(3,034,500)
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	2,144,141	674,337
Cash and Cash Equivalents, beginning of year	14,588,097	13,913,760
Cash and Cash Equivalents, end of year	$ 16,732,238	$ 14,588,097

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 Washington, D.C., and London, United Kingdom, as well as affiliated offices in Rio de Janeiro, Brazil, New Delhi, India, and Jakarta, Indonesia.

In a prior year, CPI established the following entities to further its programmatic initiatives:

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

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

Yayasan Cendikia 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 an economic interest in CPI Indonesia.

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

CPI’s primary programs include:

Climate Finance

CPI’s Climate Finance program is known for tracking sustainable investment trends, identifying innovative business models, and supporting the solutions that can drive a transition to a low carbon, climate resilient economy. CPI conducts the most comprehensive mapping of climate finance flows available and convenes public and private stakeholders to design and implement innovative financial instruments 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 14.

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 which may be expended for any purpose in performing the primary objective of CPI.

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

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, 2021 and 2020.

c. Cash and Cash Equivalents

Cash and cash equivalents consist of checking and interest-bearing savings accounts. At December 31, 2021 and 2020, CPI held $60,149 and $68,063, respectively, in cash restricted for the use of the Norwegian Ministry of Foreign Affairs grants.

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, 2021 and 2020.

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. CPI submitted the Request for Miscellaneous Determination in March 2021 and received confirmation from the IRS that CPI had terminated its private foundation status and is reclassified as a public charity as of January 1, 2016.

Climate Policy Initiative India Private Limited is a taxable entity in India. Any tax liabilities are accounted for in the consolidated statements. As of December 31, 2021, there was a liability for taxes of $10,316.

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 2021.

As of December 31, 2021, and 2020, 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, 2020, from which the summarized information is derived. As discussed in Note 15, CPI restated the classification of its opening net assets as of December 31, 2020.

Certain reclassifications have been made to the 2020 consolidated financial statements in order to conform to the 2021 presentation. These reclassifications had no effect 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 a term of greater than 12 months 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. The standard is effective 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, 2021 through June 13, 2022, 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.

Note 3 - Grants and Accounts Receivable:

Grants and accounts receivable are expected to be received as follows:

Year Ending December 31,	2021	2020
2021		$ 1,830,126
2022	$ 1,607,151	
	$ 1,607,151	$ 1,830,126

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 and are not recognized in the consolidated financial statements:

Balance as of December 31, 2020	$ 10,029,699
Conditional grants received during 2021	2,195,978
Revenue recognized for conditions met during 2021	(9,242,875)
Balance as of December 31, 2021	$ 2,982,802

Note 4 - Investments and Fair Value Measurement:

Investments

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

	2021	2020
Cash and cash equivalents	$ 23,880	$ 10,181
Certificate of deposit	3,006,006	3,004,762
Fixed income:		
U.S. Treasury notes	1,299,954	1,263,879
Corporate and foreign bonds	599,674	595,117
Collateralized mortgage notes	206,971	292,225
Total investments	$ 5,136,485	$ 5,166,164

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 - Loan Payable – Paycheck Protection Program:

In April 2020, CPI received loan proceeds in the amount of $316,755 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses. The loans and accrued interest were forgivable as long as CPI used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its personnel levels. On July 8, 2021, CPI received full forgiveness of the loan which is reflected as a component of other income in the Consolidated Statement of Activities and Changes in Net Assets.

Note 6 - Net Assets With Donor Restrictions:

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

	2021	2020 (as restated)
Climate Finance – India	$ 4,182,903	$ 5,647,413
Climate Finance – US and UK	2,363,585	3,942,293
Brazil Policy Center	1,889,519	1,219,684
Climate Finance – Indonesia	50,981	158,612
Diversity, Equity and Inclusion	-	63,458
Total	$ 8,486,988	$ 11,031,460

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

	2021	2020 (as restated)
Climate Finance – India	$ 1,664,510	$ 1,428,229
Climate Finance – US and UK	5,049,385	3,385,398
Energy Finance	-	983,488
Brazil Policy Center	1,856,568	2,080,912
Climate Finance – Indonesia	292,051	568,956
Diversity, Equity and Inclusion	63,456	11,544
Total	$ 8,925,970	$ 8,458,527

Note 7 - Availability of Financial Assets and Liquidity:

The following table reflects CPI's financial assets as of December 31, 2021, 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 were as follows:

Financial assets at year end:	
Cash and cash equivalents	$ 16,732,238
Grants and accounts receivable	1,607,151
Investments	5,136,485
Other receivables included in prepaid expenses and other assets	15,928
Total financial assets	23,491,802
Less amounts not available to be used within one year:	
Net assets with donor restrictions, including long-term receivables	(8,486,988)
Add amounts available to be used within one year:	
Net assets with donor restrictions to be met in less than a year	5,960,885
Financial assets available to meet general expenditures within one year	$ 20,965,699

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 8 - Operating Leases:

CPI has operating leases and in-kind agreements for its office facilities in San Francisco, Washington, D.C., 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,	
2022	$ 96,000
2023	52,000
2024	59,000
Total minimum future lease payments	$ 207,000

Rent expense for the years ended December 31, 2021 and 2020 was $324,572 and $608,137, respectively, net of rental income from the sub-sublease agreement of $0 and $154,264 for the years ended December 31, 2021 and 2020, respectively.

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 $12,772 per month for 2020 and the agreement expired in December 2020.

Note 9 - 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, 2021 and 2020 were $216,113 and $269,745, respectively.

Note 10 - 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; two grantors and one grantor represent approximately 32% and 31% of CPI's total revenue in the years ended December 31, 2021 and 2020, respectively.

Note 11 - Foreign Currency Transactions:

CPI has three foreign offices and one foreign-based affiliate, the financial records of which are kept in the local currencies. 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 gains or losses on foreign currency exchange transactions approximated $777,264 in losses for 2021 and $580,082 in gains for 2020.

Note 12 - 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 $808,000 and $679,000 during 2021 and 2020, respectively. The expenses are a component of the Consolidated Statement of Functional Expenses.

Note 13 - Pandemic:

The COVID-19 pandemic, which was declared by the World Health Organization on March 11, 2020, continued to impact CPI’s operations in 2021. CPI limited employee travel, postponed and canceled events, and had staff work remotely during most of the year.

In addition, financial markets volatility continues to be impacted by the COVID-19 pandemic, the effect 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 14 - 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.

Note 15 - Restatement of Net Assets:

During 2021, CPI determined it had understated the release of net assets from certain projects for the years ending December 31, 2018 through December 31, 2020, causing an overstatement in net assets with donor restrictions of $1,846,307. The following reflects the effect of the restatement.

Net Assets at December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As Reported	$ 7,297,506	$ 12,877,767	$ 20,175,273
Release of restrictions	1,846,307	(1,846,307)	-
As Restated	$ 9,143,813	$ 11,031,460	$ 20,175,273