Hood & Strong

Advisory, Tax
and Assurance

Climate Policy Initiative, Inc.

December 31, 2025

Consolidated Financial Statements

Climate Policy Initiative, Inc.

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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, 2025, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of CPI as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

Other Matter

Report on Summarized Comparative Information

We have previously audited CPI's December 31, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 16, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, 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 15, 2026

Climate Policy Initiative, Inc.

Consolidated Statement of Financial Position

December 31, 2025 (with comparative totals for 2024)	2025	2024
Assets		
Cash and cash equivalents	$ 27,235,040	$ 28,837,958
Grants and accounts receivable	2,419,895	2,691,658
Investments	11,227,077	10,733,164
Prepaid expenses and other assets	481,543	361,813
Operating right-of-use lease assets	86,646	19,912
Fixed assets, net	2,106	19,131
Total assets	$ 41,452,307	$ 42,663,636
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 2,397,204	$ 896,994
Payroll related accrued expenses	719,998	589,866
Operating lease liabilities	86,646	16,542
Refundable advances		43,673
Deferred revenue	1,482,876	4,915,015
Total liabilities	4,686,724	6,462,090
Net Assets:		
Without donor restrictions	30,318,786	25,161,970
With donor restrictions	6,446,797	11,039,576
Total net assets	36,765,583	36,201,546
Total liabilities and net assets	$ 41,452,307	$ 42,663,636

See accompanying notes to the consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2025 (with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support:				
Contribution revenue	$ 1,355,028	$ 11,394,010	$ 12,749,038	$ 10,869,624
Domestic and foreign government grant revenue	299,504	10,439,007	10,738,511	9,159,067
Consulting revenue	3,033,532		3,033,532	3,348,130
Investment income, net	691,301	444,824	1,136,125	1,083,367
Other income	7,782		7,782	40,729
Net assets released from restrictions	26,711,510	(26,711,510)	-	-
Total revenue and support	32,098,657	(4,433,669)	27,664,988	24,500,917
Expenses:				
Program services	26,068,417		26,068,417	20,367,609
Management and general	1,238,044		1,238,044	894,428
Development	474,580		474,580	326,526
Total expenses	27,781,041	-	27,781,041	21,588,563
Change in Net Assets Before Other Changes in Net Assets	4,317,616	(4,433,669)	(116,053)	2,912,354
Other Changes in Net Assets:				
Return of grant funds	(73,582)	(159,110)	(232,692)	-
Unrealized and realized gain (loss) on foreign currency exchange (Note 10)	912,782		912,782	(274,537)
Total other changes in net assets	839,200	(159,110)	680,090	(274,537)
Change in Net Assets	5,156,816	(4,592,779)	564,037	2,637,817
Net Assets, beginning of year	25,161,970	11,039,576	36,201,546	33,563,729
Net Assets, end of year	$ 30,318,786	$ 6,446,797	$ 36,765,583	$ 36,201,546

See accompanying notes to the consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2025 (with comparative totals for 2024)

	Program Services									
	Climate Finance				Brazil		Management		2025	2024
	U.S. and UK	India	Indonesia	South Africa	Policy Center	Subtotal	and general	Development	Total	Total
Salaries and benefits	$ 10,970,756	$ 1,568,640	$ 1,070,287	$ 14,573	$ 1,592,296	$ 15,216,552	$ 1,289,693	$ 249,163	$ 16,755,408	$ 12,583,353
Professional services	2,257,278	1,447,901	305,490		953,998	4,964,667	563,813		5,528,480	5,934,237
Subcontract expenses	1,376,471				66,782	1,443,253			1,443,253	300,149
Travel and meetings	543,286	175,085	350,537	634	126,276	1,195,818	182,917		1,378,735	900,496
Rent	4,770	73,318	16,564			94,652	586,333		680,985	453,585
Office and telecommunications	344,976	119,592	59,254	175	22,397	546,394	723,380		1,269,774	898,056
Information technology	2,254	46,924	4,681		20,033	73,892	323,627		397,519	376,343
Publications and data	115,868	9,826	5,499		7	131,200	13,897		145,097	31,356
Depreciation and amortization	1,508					1,508	14,569		16,077	23,361
Taxes		163,550	2,163			165,713			165,713	87,627
Subtotal	15,617,167	3,604,836	1,814,475	15,382	2,781,789	23,833,649	3,698,229	249,163	27,781,041	21,588,563
Allocation of support costs:										
Salaries and benefits	562,845	28,301	14,020	16,702	15,166	637,034	(766,003)	128,969	-	-
Professional services	61,320	28,352	14,299	44	64,545	168,560	(191,133)	22,573	-	-
Subcontract expenses						-	(13,765)	13,765	-	-
Travel and meetings	43,461	4,330	1,559	257	6,046	55,653	(82,817)	27,164	-	-
Rent	485,733	1,429	14,900	2,213	52,096	556,371	(568,098)	11,727	-	-
Office and telecommunications	307,754	64,254	38,922	3,906	97,319	512,155	(526,623)	14,468	-	-
Information technology	227,676	16,396	2,319	1,309	29,498	277,198	(283,671)	6,473	-	-
Publications and data	2,170	239	5,666		5,153	13,228	(13,506)	278	-	-
Depreciation and amortization	2,860	10,774	935			14,569	(14,569)		-	-
Subtotal - allocation of support costs	1,693,819	154,075	92,620	24,431	269,823	2,234,768	(2,460,185)	225,417	-	-
Total	$ 17,310,986	$ 3,758,911	$ 1,907,095	$ 39,813	$ 3,051,612	$ 26,068,417	$ 1,238,044	$ 474,580	$ 27,781,041	$ 21,588,563

See accompanying notes to the consolidated financial statements.

Climate Policy Initiative, Inc.

Consolidated Statement of Cash Flows

Year Ended December 31, 2025 (with comparative totals for 2024)	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	$ 564,037	$ 2,637,817
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	16,077	23,361
Unrealized loss on investments	11,948	42,138
Amortization of operating right-of-use leased assets	112,054	103,205
Changes in assets and liabilities:		
Grants and accounts receivable	271,763	1,862,055
Prepaid expenses and other assets	(119,730)	57,364
Accounts payable and accrued expenses	1,630,342	496,646
Operating lease liabilities	(108,684)	(110,834)
Refundable advances	(43,673)	
Deferred revenue	(3,432,139)	4,131,793
Net cash (used) provided by operating activities	(1,098,005)	9,243,545
Cash Flows from Investing Activities:		
Sales of investments	1,856,019	1,851,425
Purchases of investments	(2,360,932)	(2,378,849)
Purchases of fixed assets		(10,109)
Net cash used in investing activities	(504,913)	(537,533)
Change in Cash and Cash Equivalents	(1,602,918)	8,706,012
Cash and Cash Equivalents, beginning of year	28,837,958	20,131,946
Cash and Cash Equivalents, end of year	$ 27,235,040	$ 28,837,958
Non-Cash from Operating and Investing Activities		
Right-of-use asset financed by operating lease liability	$ 178,788	
Supplemental Disclosure of Cash Activities		
Cash paid under operating right-of-use leases	$ 116,567	$ 116,080

See accompanying notes to the consolidated financial statements.

Note 1 - Organization:

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

CPI established the following entities to further its programmatic initiatives:

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

Climate Policy Foundation, an Indian nonprofit organization pursuant to sub-section (2) of the section 7 of the Companies Act, 2013 (18 of 2013) and rule 18 of the Companies (Incorporation) Rules, 2014. 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.

CPI Austria is a registered nonprofit organization under the laws of Austria, established in 2025 to support governments, businesses, and financial institutions in driving economic growth while addressing climate change within the Austrian and European Union market. CPI Austria did not have any financial activity for the year ended December 31, 2025.

Subsequent to year end, CPI created Climate Policy Initiative South Africa a Non-Profit Company (CPI South Africa) to expand its operations in South Africa.

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).

Note 2 - Summary of Significant Accounting Policies:

<u>Basis of Presentation and Description of Net Assets</u>

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.

<u>Principles of Consolidation</u>

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, 2025 and 2024.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and interest-bearing savings accounts. At December 31, 2025 and 2024, CPI held $127,356 and $1,058,242, respectively, in cash restricted for the use of the Norwegian Ministry of Foreign Affairs grants.

Grants and Accounts Receivable

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

Investments

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

Leases

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

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

Fair Value Measurements

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

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

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

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

Fixed Assets

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

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

Revenue Recognition

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

CPI uses the allowance method to account for uncollectible contributions. The reserve against contributions receivable is based on historical experience and an evaluation of the outstanding receivables at year end. Management has determined that an allowance for uncollectible receivables was not necessary at December 31, 2025 and 2024.

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

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2025:

Deferred revenue, beginning of year	$ 4,915,015
Revenue recognized	(2,758,518)
Funds returned to funder	(1,477,579)
Increase due to cash received	803,958
Deferred revenue, end of year	$ 1,482,876

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.

Tax Status

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

Climate Policy Initiative India Private Limited is a taxable entity in India. Any tax liabilities are accounted for in the consolidated financial statements. There was no liability for taxes at December 31, 2025.

CPI Indonesia is a nonprofit foundation established under the laws of the Republic of Indonesia. CPI Indonesia is subject to income tax on profits derived from consulting service income. In 2025, there was no liability arising from profits on services and no liability for taxes at December 31, 2025.

As of December 31, 2025, management has evaluated CPI's tax positions and concluded that CPI had maintained its tax-exempt status and has no uncertain tax positions that require adjustment to the consolidated financial statements.

Use of Estimates

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

Comparative Information

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, 2024, from which the summarized information is derived.

Subsequent Events

CPI evaluated subsequent events with respect to the consolidated financial statements for the year ended December 31, 2025 through June 15, 2026, 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 1.

Note 3 - Grants and Accounts Receivable:

Grants and accounts receivable are expected to be received as follows as of December 31, 2025:

Year Ending December 31,	
2026	$ 2,270,748
2027	149,147
	$ 2,419,895

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

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

Balance as of December 31, 2024	$ 21,170,536
Conditional grants received during 2025	19,343,683
Conditional grants cancelled and reclassified during 2025	(2,446,492)
Revenue recognized for conditions met during 2025	(20,372,194)
Balance as of December 31, 2025	$ 17,695,533

The conditional grants balance at December 31, 2025 includes approximately $704,000 in amounts received during the year and included in deferred revenue.

Note 4 - Investments and Fair Value Measurement:

Investments

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

	2025	2024
Cash and cash equivalents	$ 4,577,656	$ 1,012,134
Certificate of deposit	3,288,585	6,528,011
Fixed income:		
U.S. Treasury bonds and notes	2,487,479	2,636,320
Corporate and foreign bonds	873,357	556,699
Total investments	$ 11,227,077	$ 10,733,164

Fair Value Measurement

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

Note 5 - Net Assets With Donor Restrictions:

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

	2025	2024
Climate Finance - US and UK	$ 3,948,708	$ 5,629,710
Climate Finance - India	1,017,441	2,643,422
Brazil Policy Center	1,073,160	1,574,513
Climate Finance - Indonesia	407,488	1,191,931
Total	$ 6,446,797	$ 11,039,576

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

	2025	2024
Climate Finance - US and UK	$ 17,411,012	$ 9,393,721
Climate Finance - India	3,670,115	3,693,203
Brazil Policy Center	3,162,688	3,655,174
Climate Finance - Indonesia	2,467,695	511,106
Total	$ 26,711,510	$ 17,253,204

Note 6 - Availability of Financial Assets and Liquidity:

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

Financial assets at year end:	
Cash and cash equivalents	$ 27,235,040
Grants and accounts receivable	2,419,895
Investments	11,227,077
Total financial assets	40,882,012
Less amounts not available to be used within one year:	
Net assets with donor restrictions, including long-term receivables	(6,446,797)
Add amounts available to be used within one year:	
Net assets with donor restrictions to be met in less than a year	6,207,364
Financial assets available to meet general expenditures within one year	$ 40,642,579

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

Note 7 - Operating Leases:

CPI leases its office space and office equipment under non-cancelable operating lease agreements that expire in various periods through 2028.

Maturities of the operating lease liabilities are as follows:

Year Ending December 31,		
2026	$	51,884
2027		39,227
2028		3,269
Total lease payments		94,380
Less discount to present value		(7,734)
Present value of lease liabilities	$	86,646

The weighted average remaining lease term as of December 31, 2025 was approximately 1.8 years. The weighted average discount rate as of December 31, 2025 was approximately 6%.

Rent expense for the years ended December 31, 2025 and 2024 was $680,985 and $453,585, respectively.

Note 8 - Employee Benefit Plan:

CPI maintains a defined contribution retirement plan for all eligible employees. CPI matches employee contributions up to a maximum of six percent of gross earnings, which vests immediately. Total contribution from CPI for the years ended December 31, 2025 and 2024 were $486,434 and $352,735, respectively.

Note 9 - Concentration of Credit Risk:

CPI has identified its financial instruments which are potentially subject to credit risk. These financial instruments consist principally of cash and contributions receivable. As of December 31, 2025, CPI had balances in various operating bank accounts in excess of federally insured limits of approximately $18,927,000, approximately $7,008,000 in excess of UK Financial Services Compensation Scheme insurance, and approximately $465,000 in excess of Deposit Insurance and Credit Guarantee Corporation in India.

A high concentration of CPI’s revenue is derived from grant income. As of December 31, 2025, three grantors represented approximately 66% of grants and accounts receivable.

Note 10 - Foreign Currency Exchange:

CPI has three foreign offices and one foreign-based affiliate, the financial records of which are kept in the local currencies. Their Statement of Financial Position accounts are translated at the exchange rates existing at the Statement of Financial Position date, and their Statement of Activities and Changes in Net Assets accounts are translated at the average exchange rate for the year. Total unrealized and realized gains or losses on foreign currency exchange of $912,782 in gains for 2025 and $274,537 in losses for 2024.

Note 11 - Affiliated Organization:

As of January 2011, CPI entered into a partnership with Pontificia Universidade Catolica de Rio de Janeiro to create a research group called Climate Policy Initiative Rio de Janeiro (CPI Rio de Janeiro). The focus of the research group is the analysis of regulatory and financing policies related to climate protection and low carbon development in Brazil. CPI, through a cooperation agreement with Pontificia Universidade Catolica provides funding to cover the activities of CPI Rio de Janeiro. Total funding provided to CPI Rio de Janeiro was approximately $1,115,000 and $734,000 during 2025 and 2024, respectively. The expenses are a component of the Consolidated Statement of Functional Expenses.

Note 12 - Financial Sector Deepening Africa - Zambia Landscape Study:

On September 15, 2025, CPI entered into an agreement with Financial Sector Deepening of Africa (FSDA) a non-profit Company, Grant reference No. FSDA/G/CM/042/2025. This grant funds CPI's development of a Climate Finance Landscape study for Zambia, providing data and policy recommendations to support mobilization of climate finance and inform the establishment of a Climate Finance Unit within Zambia's Ministry of Finance, in partnership with FSD Africa and the Global Green Growth Institute (GGGI).

For the year ended December 31, 2025, the activity of the project was as follows:

		GBP		USD
Grant commitment by FSD Africa	£	60,000	$	81,714
Payments received from Sept 1, 2025 to December 31, 2025		30,000		40,329
Balance remaining on grant commitment as of December 31, 2025	£	30,000	$	41,385
Expenses:				
Personnel	£	15,688	$	20,902
Rent		1,035		1,381
Internet Technology		257		343
Office Costs		202		270
Total direct costs		17,182		22,896
Overhead (15%)		2,577		3,434
Total expenses	£	19,759	$	26,330

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

Note 13 - Financial Sector Deepening Ethiopia - Ethiopia Climate Finance Landscape Study:

On September 2, 2025, CPI entered into an agreement with Financial Sector Deepening of Ethiopia (FSD Ethiopia) Grant reference No. FSD/CI/GR/001/2025. This grant funds CPI's development of a refreshed Climate Finance Landscape study for Ethiopia, providing updated data and strategic policy recommendations to support mobilization of climate finance, inform Ethiopia's NDC implementation, and serve as a baseline for FSD Ethiopia's climate finance strategy through 2028.

For the year ended December 31, 2025, the activity of the project was as follows:

		GBP		USD
Grant commitment by FSD Africa	£	60,000	$	81,714
Payments received from Sept 1, 2025 to December 31, 2025		30,000		40,329
Balance remaining on grant commitment as of December 31, 2025	£	30,000	$	41,385
Expenses:				
Personnel	£	13,654	$	18,176
Rent		935		1,246
Internet Technology		233		311
Office Costs		241		323
Total direct costs		15,063		20,056
Overhead (15%)		2,259		3,008
Total expenses	£	17,322	$	23,064

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

Note 14 - United Nations Environment Program (UNEP) - Climate and Clean Air Coalition:

On August 14, 2025, CPI entered into an agreement with United Nations Environment Program (UNEP), Grant project No. 24-078-GLO 24-004. This grant funds CPI’s work to expand and strengthen the global knowledge base on super pollutant abatement finance, including developing a measurement methodology for methane, black carbon, HFCs, and tropospheric ozone abatement investment flows, and delivering a super pollutant abatement investment report and science-finance dialogues to support more effective public and private financing of super pollutant reduction measures.

For the year ended December 31, 2025, the activity of the project was as follows:

		USD
Grant commitment by UNEP Africa	$	349,995
Payments received from Sept 1, 2025 to December 31, 2025		174,998
Balance remaining on grant commitment as of December 31, 2025	$	174,997

		Budget		Actual 2025 Expenditures		Remaining
Expenses:						
Operating and Other Direct Costs	$	52,626	$	15,715	$	36,911
Staff and Other Personnel Costs		280,278		144,623		135,655
Travel		17,091				17,091
Total expenses	$	349,995	$	160,338	$	189,657

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

Note 15 - United Kingdom Foreign, Commonwealth & Development Office Grant:

On March 30, 2023, CPI entered into a grant with the United Kingdom’s Foreign, Commonwealth & Development Office (FCDO) with Grant Project Number: 301554. The grant funds a CPI project on rapidly scaling-up the finance needed to shift to low-carbon, climate-resilient and nature-positive agriculture and food systems globally. An amendment was signed during 2024 to increase total funding on the project with no changes to the project period.

For the year ended December 31, 2025, the activity of the project was as follows:

	GBP	USD
Grant commitment by FCDO	£ 8,250,000	$ 10,204,425
Payments received from April 1, 2023 to December 31, 2025	(5,123,662)	(6,621,832)
Balance remaining on grant commitment as of December 31, 2025	£ 3,126,338	$ 3,582,593
Expenses:		
Personnel	£ 1,817,241	$ 2,394,257
Consultants	324,602	422,717
Travel	94,371	124,336
Events Cost	32,316	42,577
Internet Technology	49,080	64,426
Office Costs	38,062	50,148
Total direct costs	2,355,672	3,098,461
Overhead (5.3%)	124,851	164,218
Total expenses	£ 2,480,523	$ 3,262,679

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