Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates

Consolidated Financial Report
September 30, 2021

Contents

RSM

RSM US LLP

Independent Auditor's Report

Board of Directors
Catholic Relief Services – United States Conference of Catholic Bishops

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates (collectively, CRS), which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates as of September 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022, on our consideration of CRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CRS's internal control over financial reporting and compliance.

RSM US LLP

Gaithersburg, Maryland
March 16, 2022

Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates

Consolidated Statements of Financial Position
September 30, 2021 and 2020
(In Thousands)

	2021	2020
Assets		
Cash and cash equivalents	**$ 113,101**	$ 74,045
Accounts receivable and other assets	**256,816**	178,698
Investments	**188,460**	127,968
Segregated investments	**48,439**	55,973
Undistributed commodities and program materials	**135,820**	77,950
Operating lease right-of-use assets	**25,956**	-
Land, building and equipment, net	**40,199**	40,425
Total assets	**$ 808,791**	$ 555,059
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	**$ 124,641**	$ 108,420
Line of credit	**8,000**	20,000
Advances received for programs	**151,008**	52,956
Deferred revenue—commodities	**131,628**	74,581
Operating lease liabilities	**23,989**	-
Annuities payable	**41,825**	43,588
Retirement plan liabilities	**36,142**	49,417
Long-term debt, net of unamortized debt issuance costs	**21,425**	22,248
Total liabilities	**538,658**	371,210
Net assets:		
Without donor restrictions	**148,982**	98,527
With donor restrictions	**121,151**	85,322
Total net assets	**270,133**	183,849
Total liabilities and net assets	**$ 808,791**	$ 555,059

See notes to consolidated financial statements.

Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates

Consolidated Statement of Activities
Year Ended September 30, 2021
(With Comparative Totals for 2020)
(In Thousands)

	2021			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2020
Support and revenue:				
Private support and revenue:				
Catholic Relief Services Collection	**$ 4,719**	**$ -**	**$ 4,719**	$ 12,810
Catholic Relief Services Rice Bowl	**-**	**6,462**	**6,462**	3,940
Private contributions	**108,039**	**50,028**	**158,067**	134,916
Foundation and other private revenue	**48,901**	**-**	**48,901**	47,598
Bequests	**22,820**	**13,263**	**36,083**	37,219
Total private support and revenue	**184,479**	**69,753**	**254,232**	236,483
Public support and revenue:				
Donated agricultural, other commodities and ocean freight	**335,872**	**-**	**335,872**	185,470
United States government grants and agreements	**438,255**	**-**	**438,255**	363,862
Other public grants and contributions	**164,444**	**-**	**164,444**	136,093
Total public support and revenue	**938,571**	**-**	**938,571**	685,425
Investment and other income (loss)	**(1,212)**	**337**	**(875)**	1,684
Net assets released from restrictions	**41,067**	**(41,067)**	**-**	-
Total support and revenue	**1,162,905**	**29,023**	**1,191,928**	923,592
Expenses:				
Program services	**1,073,106**	**-**	**1,073,106**	836,442
Supporting services:				
Management and general	**42,750**	**-**	**42,750**	43,708
Public awareness	**7,607**	**-**	**7,607**	7,247
Fundraising	**24,286**	**-**	**24,286**	25,664
Total supporting services	**74,643**	**-**	**74,643**	76,619
Total expenses	**1,147,749**	**-**	**1,147,749**	913,061
Change in net assets before investment and other gains and losses	**15,156**	**29,023**	**44,179**	10,531
Investment and other gains and losses:				
Net change in annuities, trusts and pooled income fund	**2,787**	**2,988**	**5,775**	2,846
Realized and unrealized gain on investments and financial instruments	**19,887**	**3,818**	**23,705**	12,508
Defined benefit plan adjustments	**12,625**	**-**	**12,625**	(5,314)
Total investment and other gains and losses	**35,299**	**6,806**	**42,105**	10,040
Change in net assets	**50,455**	**35,829**	**86,284**	20,571
Net assets:				
Beginning	**98,527**	**85,322**	**183,849**	163,278
Ending	**$ 148,982**	**$ 121,151**	**$ 270,133**	$ 183,849

See notes to consolidated financial statements.

Catholic Relief Services – United States Conference of Catholic Bishops, and Affiliates

Consolidated Statement of Activities
Year Ended September 30, 2020
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Private support and revenue:			
Catholic Relief Services Collection	$ 12,810	$ -	$ 12,810
Catholic Relief Services Rice Bowl	-	3,940	3,940
Private contributions	100,034	34,882	134,916
Foundation and other private revenue	47,598	-	47,598
Bequests	36,992	227	37,219
Total private support and revenue	197,434	39,049	236,483
Public support and revenue:			
Donated agricultural, other commodities and ocean freight	185,470	-	185,470
United States government grants and agreements	363,862	-	363,862
Other public grants and contributions	136,093	-	136,093
Total public support and revenue	685,425	-	685,425
Investment and other income	1,224	460	1,684
Net assets released from restrictions	38,123	(38,123)	-
Total support and revenue	922,206	1,386	923,592
Expenses:			
Program services	836,442	-	836,442
Supporting services:			
Management and general	43,708	-	43,708
Public awareness	7,247	-	7,247
Fundraising	25,664	-	25,664
Total supporting services	76,619	-	76,619
Total expenses	913,061	-	913,061
Change in net assets before investment and other gains and losses	9,145	1,386	10,531
Investment and other gains and losses:			
Net change in annuities, trusts and pooled income fund	423	2,423	2,846
Realized and unrealized gain on investments and financial instruments	10,619	1,889	12,508
Defined benefit plan adjustments	(5,314)	-	(5,314)
Total investment and other gains and losses	5,728	4,312	10,040
Change in net assets	14,873	5,698	20,571
Net assets:			
Beginning	83,654	79,624	163,278
Ending	$ 98,527	$ 85,322	$ 183,849

See notes to consolidated financial statements.

Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates

Consolidated Statements of Cash Flows
Years Ended September 30, 2021 and 2020
(In Thousands)

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 86,284	$ 20,571
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,733	7,540
Amortization of operating lease right-of-use assets	11,001	-
Gain on disposal of building and equipment	(2)	(118)
Realized and unrealized gain on sales of investments and financial instruments	(23,705)	(12,508)
Contributions restricted for permanent investment	(13,044)	-
Changes in assets and liabilities:		
Increase in assets:		
Accounts receivable and other assets	(78,118)	(39,015)
Undistributed commodities and program materials	(57,870)	(7,186)
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses and other liabilities	17,799	12,467
Operating lease liabilities	(12,967)	-
Retirement plan liabilities	(13,275)	4,833
Advances received for programs	98,052	(17,563)
Deferred revenue—commodities	57,047	5,699
Annuities payable	(1,763)	546
Net cash provided by (used in) operating activities	75,172	(24,734)
Cash flows from investing activities:		
Proceeds from sale of land, building and equipment	312	239
Purchase of land, building and equipment	(5,817)	(3,737)
Proceeds from sales and maturities of investments	450,646	276,134
Purchase of investments	(481,477)	(257,455)
Net cash (used in) provided by investing activities	(36,336)	15,181
Cash flows from financing activities:		
Principal payments and liquidations of long-term debt	(2,824)	(1,012)
Proceeds from note payable	2,000	-
Contributions restricted for permanent investment	13,044	-
Proceeds from line of credit	-	20,000
Payments of line of credit	(12,000)	-
Net cash provided by financing activities	220	18,988
Net increase in cash and cash equivalents	39,056	9,435
Cash and cash equivalents:		
Beginning	74,045	64,610
Ending	$ 113,101	$ 74,045
Supplemental disclosure of cash flow information:		
Cash payments for interest	$ 789	$ 852

See notes to consolidated financial statements.

Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates

Consolidated Statement of Functional Expenses
Year Ended September 30, 2021
(With Comparative Totals for 2020)
(In Thousands)

Description	2021 Program Services: Agriculture	Water and Environment	Education	Emergency	Small Enterprise	Health and Social Services	Justice and Peacebuilding	Partner Capacity Strengthening	Total	2020 Program Services
Program services:										
Salaries and related benefits	$ 34,205	$ 5,648	$ 28,963	$ 94,615	$ 1,492	$ 61,921	$ 13,189	$ 6,546	$ 246,579	$ 231,055
Contracting and professional fees	7,497	1,416	3,772	10,329	269	10,003	1,721	913	35,920	28,502
Telecommunications and postage	1,349	120	997	2,184	51	2,425	239	97	7,462	7,638
Printing, supplies, office and miscellaneous expenses	2,672	213	291	2,085	266	4,737	321	330	10,915	16,321
Occupancy	1,484	490	1,908	4,764	130	3,421	948	299	13,444	12,771
Vehicle and equipment	2,542	400	1,734	5,366	107	5,799	677	588	17,213	13,489
Travel, training and representation	5,158	1,356	4,651	7,471	285	20,027	1,377	1,688	42,013	34,405
Warehousing and freight	3,395	5	9,310	73,665	-	1,768	6	6	88,155	61,114
Publicity	39	2	1	23	-	90	18	8	181	71
Subgrants to implementing partners	15,772	2,115	12,809	74,358	838	87,654	12,881	5,604	212,031	193,695
Project labor and materials	8,335	3,279	11,318	83,393	594	10,886	2,205	605	120,615	85,782
Food, other commodities and in-kind contributions	5,331	-	9,137	161,046	-	98,430	-	-	273,944	145,307
Depreciation	1,620	3	1,299	381	2	1,314	9	6	4,634	6,292
Total expenses	$ 89,399	$ 15,047	$ 86,190	$ 519,680	$ 4,034	$ 308,475	$ 33,591	$ 16,690	$ 1,073,106	$ 836,442

(Continued)

Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates

Consolidated Statement of Functional Expenses (Continued)
Year Ended September 30, 2021
(With Comparative Totals for 2020)
(In Thousands)

	2021 Supporting Services					Total Expenses	
Description	Management and General	Public Awareness	Fundraising	Total	2020 Supporting Services	2021	2020
Supporting services:							
Salaries and related benefits	**$ 24,347**	**$ 5,613**	**$ 10,990**	**$ 40,950**	$ 39,374	**$ 287,529**	$ 270,429
Contracting and professional fees	**14,303**	**337**	**3,175**	**17,815**	17,380	**53,735**	45,882
Telecommunications and postage	**973**	**8**	**2,458**	**3,439**	5,037	**10,901**	12,675
Printing, supplies, office and miscellaneous expenses	**1,743**	**253**	**5,153**	**7,149**	7,684	**18,064**	24,005
Occupancy	**206**	**263**	**386**	**855**	1,456	**14,299**	14,227
Vehicle and equipment	**138**	**33**	**48**	**219**	291	**17,432**	13,780
Travel, training and representation	**109**	**64**	**29**	**202**	1,726	**42,215**	36,131
Warehousing and freight	**14**	**-**	**11**	**25**	37	**88,180**	61,151
Publicity	**-**	**96**	**1,910**	**2,006**	1,787	**2,187**	1,858
Subgrants to implementing partners	**13**	**-**	**-**	**13**	7	**212,044**	193,702
Project labor and materials	**-**	**25**	**-**	**25**	13	**120,640**	85,795
Food, other commodities and in-kind contributions	**-**	**846**	**-**	**846**	579	**274,790**	145,886
Depreciation	**904**	**69**	**126**	**1,099**	1,248	**5,733**	7,540
Total expenses	**$ 42,750**	**$ 7,607**	**$ 24,286**	**$ 74,643**	$ 76,619	**$ 1,147,749**	$ 913,061

See notes to consolidated financial statements.

Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates

Consolidated Statement of Functional Expenses
Year Ended September 30, 2020
(In Thousands)

	Program Services								
Description	Agriculture	Water and Environment	Education	Emergency	Small Enterprise	Health and Social Services	Justice and Peacebuilding	Partner Capacity Strengthening	Total
Program services:									
Salaries and related benefits	$ 34,154	$ 5,054	$ 27,671	$ 87,113	$ 2,350	$ 58,298	$ 13,380	$ 3,035	$ 231,055
Contracting and professional fees	5,596	1,051	2,951	11,069	374	6,048	1,371	42	28,502
Telecommunications and postage	1,182	92	605	3,027	68	2,423	214	27	7,638
Printing, supplies, office and miscellaneous expenses	2,239	353	2,226	5,438	104	4,961	917	83	16,321
Occupancy	1,897	346	1,719	4,214	145	3,360	928	162	12,771
Vehicle and equipment	2,054	347	1,370	4,712	116	3,939	505	446	13,489
Travel, training and representation	4,370	1,231	3,846	7,263	354	15,305	1,568	468	34,405
Warehousing and freight	-	25	9,578	49,171	-	2,326	4	10	61,114
Publicity	3	5	9	20	2	23	9	-	71
Subgrants to implementing partners	13,565	1,622	17,990	65,810	1,394	80,668	10,687	1,959	193,695
Project labor and materials	4,771	2,145	8,931	55,911	780	11,217	1,948	79	85,782
Food, other commodities and in-kind contributions	204	1	8,955	95,979	-	40,168	-	-	145,307
Depreciation	2,212	4	1,547	504	5	2,005	12	3	6,292
Total expenses	$ 72,247	$ 12,276	$ 87,398	$ 390,231	$ 5,692	$ 230,741	$ 31,543	$ 6,314	$ 836,442

(Continued)

Catholic Relief Services – United States Conference of Catholic Bishops and Affiliates

Consolidated Statement of Functional Expenses (Continued)
Year Ended September 30, 2020
(In Thousands)

	Supporting Services				
Description	Management and General	Public Awareness	Fundraising	Total Supporting Services	Total Expenses
Supporting services:					
Salaries and related benefits	$ 23,516	$ 5,504	$ 10,354	$ 39,374	$ 270,429
Contracting and professional fees	13,894	322	3,164	17,380	45,882
Telecommunications and postage	644	5	4,388	5,037	12,675
Printing, supplies, office and miscellaneous expenses	2,163	252	5,269	7,684	24,005
Occupancy	883	219	354	1,456	14,227
Vehicle and equipment	185	70	36	291	13,780
Travel, training and representation	1,328	142	256	1,726	36,131
Warehousing and freight	18	-	19	37	61,151
Publicity	-	70	1,717	1,787	1,858
Subgrants to implementing partners	-	7	-	7	193,702
Project labor and materials	-	13	-	13	85,795
Food, other commodities and in-kind contributions	-	579	-	579	145,886
Depreciation	1,077	64	107	1,248	7,540
Total expenses	$ 43,708	$ 7,247	$ 25,664	$ 76,619	$ 913,061

See notes to consolidated financial statements.

Note 1. Nature of Activities

Nature of activities: Catholic Relief Services – United States Conference of Catholic Bishops (Catholic Relief Services) was founded in 1943 and is the international humanitarian aid and development agency of the United States Conference of Catholic Bishops (USCCB). Catholic Relief Services is governed by a board composed of 14 U.S. Bishops elected from the USCCB, the General Secretary of the Conference, and 10 lay members. Headquartered in Baltimore, Maryland, Catholic Relief Services provides services in 116 countries through 64 offices around the world.

Catholic Relief Services is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is an organization listed in the 2021 edition of the Official Catholic Directory.

The consolidated financial statements include CRS Global Services Private Limited, a wholly owned for-profit affiliate in Lucknow, India formed during 2016, which provides technology support services for the agency and Isidro Investments, LLC (Limited Liability Company), a wholly owned subsidiary formed during 2020, as a special investment vehicle to provide loans and loan guarantees to small to medium enterprises and farm cooperatives in Latin America. The consolidated financial statements also include a LLC that owns the Catholic Relief Services headquarters building in Baltimore, Maryland. Catholic Relief Services has a 75% membership interest in the LLC; the minority interest is de minimis. All significant intercompany transactions with affiliates are eliminated.

Catholic Relief Services Foundation, Inc. (the Foundation) is a controlled affiliate which conducts certain fundraising activities on behalf of Catholic Relief Services. The Chairman and President of Catholic Relief Services serve, along with other elected individuals, as members of the board of the Foundation. There was no financial activity within the Foundation for the years ended September 30, 2021 and 2020.

Catholic Relief Services and affiliates, are collectively referred to as, CRS, in these consolidated financial statements.

Mission statement: Catholic Relief Services carries out the commitment of the Bishops of the United States to assist the poor and vulnerable overseas. We are motivated by the Gospel of Jesus Christ to cherish, preserve and uphold the sacredness and dignity of all human life, foster charity and justice, and embody Catholic social and moral teaching as we act to:

- Promote human development by responding to major emergencies, fighting disease and poverty, and nurturing peaceful and just societies.
- Serve Catholics in the United States as they live their faith in solidarity with their brothers and sisters around the world.

As part of the universal mission of the Catholic Church, we work with local, national and international Catholic institutions and structures, as well as other organizations, to assist people on the basis of need, not creed, race or nationality.

Program services: The program categories that CRS uses to classify its program service expenses include:

Agriculture: Programs helping smallholder farming families increase food security and income by improving sustainable production systems, restoring degraded land, upgrading seed systems, strengthening farmer organizations, enhancing women's decision-making roles, linking farmers to markets and financial services, strengthening market systems, and producing more nutritious foods.

Note 1. Nature of Activities (Continued)

Water and Environment: Programs focusing on three priority areas: safe water, sanitation, and hygiene for health and well-being in emergency and development contexts; improving water and watershed management for agriculture and sustainable landscapes; and water finance and governance, convening stakeholder groups to access capital and equitably govern water resources to achieve sustainable water access for all.

Education: Programs working with schools, families, and communities to ensure that all school-aged children and youth are safe, healthy, supported, engaged, and resilient, and to influence and strengthen the education system's capacity to provide high quality learning opportunities to all learners.

Emergency: Programs offering a wide array of responses tailored to the local context and needs of affected communities; providing lifesaving assistance including food, shelter, medical equipment and assistance, clean water and hygiene supplies to help people experiencing an emergency with urgent relief; building on existing local systems to restore livelihoods and the local economy; supporting the repair and rebuilding of safe homes and infrastructure; promoting and investing in the leadership, capacity and reach of local partners to implement and manage quality, accountable and efficient emergency programming, including in a health pandemic; and providing the tools and skills people need to manage their own recovery.

Small Enterprise: Programs to support and develop sustainable, community-led and community-managed savings and internal lending communities (SILC) that provide a range of financial services (savings, loans, mobile money) and products to poor individuals, particularly women and rural farmers, who have limited or no access to capital in the formal financial markets.

Health and Social Services: Programs seeking to ensure that all children reach their full health and development potential in safe and nurturing families by: reducing morbidity and mortality due to preventable diseases, including HIV and malaria; improving nutrition; and ensuring families provide safe and nurturing care.

Justice and Peacebuilding: Programs to strengthen local capacity to foster social cohesion through non-violent conflict prevention, mitigation, and reconciliation; to engage and influence government for more equitable systems and structures; to advance social justice in the areas of gender inequality and gender-based violence, protection of vulnerable children and adults, and prevention of human trafficking; and to apply a positive youth development approach to enhance young people's agency and leadership skills, develop their marketable and entrepreneurial skills, and ensure comprehensive, integrated support so that young people have access to dignified and sustainable livelihoods.

Partner Capacity Strengthening*:* Programs and activities improving the programmatic and operational capability of an individual, group, network, system, or organization by: learning new knowledge, skills, attitudes; reinforcing systems, and structures needed to function effectively; and accompanying and mentoring colleagues in partners organizations in their work.

Note 2. Significant Accounting Policies

A summary of CRS's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of Catholic Relief Services and its affiliates. All intercompany transactions and balances have been eliminated in consolidation.

Note 2. Significant Accounting Policies (Continued)

Basis of accounting: The consolidated financial statements are presented on the accrual basis of accounting whereby revenue is recognized when earned, unconditional support is recognized when received, and expenses are recognized when incurred.

Basis of presentation: The consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. The consolidated financial statements include the results of CRS's worldwide activities.

Revenue and expenses related to gift annuities, pooled income, charitable trusts, realized and unrealized gains and losses on investments, and defined benefit plan adjustments are classified as investment and other gains and losses. As required by ASC 958, CRS reports its activities using two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be permanently maintained. Net assets not held in perpetuity are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Use of estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Designation of revenue: Support from the U.S. or foreign governments and from international organizations such as the United Nations, The Global Fund and The World Bank, is classified under public support and revenue. Support and revenue from individuals, parishes and dioceses, as well as non-governmental organizations, foundations and corporations is classified under private support and revenue.

Cash and cash equivalents: Cash includes demand and time deposits. Cash equivalents include highly liquid investments having a maturity date of three months or less at the date of purchase.

Accounts receivable and other assets: Accounts receivable and other assets consist of trade receivables, program receivables, microfinance loans, charitable trusts, and life insurance policies. Interest is charged for microfinance loans at various rates determined by management, based on prevailing local country economic conditions. Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts, considering the debtor's financial condition and current economic conditions, and by using historical experience applied to an aging of the trade receivables. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Trade and microfinance receivables are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is accrued on microfinance receivables until the receivables are deemed uncollectible.

Note 2. Significant Accounting Policies (Continued)

Program receivables represent funds expended and recognized as revenue, but not yet received, on donor agreements for conditional grant programs.

Charitable trusts represent the fair value, using present value calculations, of CRS's interest in the donor's trust accounts. These trusts are created by donors independently of CRS and are neither in the possession nor under the control of CRS. The trusts are administered by outside fiscal agents as designated by the donor. CRS records the fair value, using present value of future benefits of the trust assets, discounted at a rate of 6.5% for 2021 and 2020.

CRS is also the owner and beneficiary of donated life insurance policies. These life insurance policies are recorded at current cash surrender value. The charitable trusts and life insurance policies are recognized as revenue when CRS is notified that it has been named as an irrevocable beneficiary.

Investments: Investments and segregated investments are carried at fair value. Investments received as contributions are recorded at fair value on the date of receipt. Investment income, including realized and unrealized changes in fair value, is recognized when earned in the statement of activities.

CRS's non-segregated investments include investment pools which are valued at fair value based on the applicable percentage ownership of the underlying pools' net assets as of the measurement date.

In determining fair value, CRS utilizes valuations provided by the investments' fund managers. The managers value securities and other financial instruments on a fair value basis of accounting. The fair value of CRS's investments generally represents the amount CRS would expect to receive if it were to liquidate its investments. However, the estimated fair values of the assets underlying these investments may include securities for which prices are not readily available and therefore, may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ from the values that would have been used had a ready market existed for these investments. CRS may adjust the managers' valuations when circumstances support such an adjustment.

Land, building and equipment: Land, building and equipment are capitalized and building and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which are 10 to 40 years for building and improvements, and 3 to 10 years for furniture, vehicles and equipment.

Leases: CRS determines whether an arrangement contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration and other facts and circumstances.

Right-of-use assets (ROU assets) represent CRS's right to use an underlying asset for the lease term and lease liabilities represent CRS's obligation to make lease payments arising from the lease. ROU assets are calculated based on the lease liability adjusted for any lease payments paid to the lessor at or before the commencement date and initial direct costs incurred by CRS and excludes any lease incentives received from the lessor. Lease liabilities are recognized based on the present value of lease payments over the lease term. CRS utilizes the implicit rate when readily determinable. However, as the lessee, CRS typically cannot determine the implicit interest rate in a lease and therefore, uses its local incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments.

Note 2. Significant Accounting Policies (Continued)

Lease expense for operating leases is recognized on a straight-line basis over the term of the lease. Variable lease payments are the portion of lease payments that are not fixed over the lease term. Variable lease payments are expensed as incurred, and include certain non-lease components, such as maintenance and other services provided by the lessor, and other charges included in the lease, as applicable. CRS elected to combine lease and non-lease components as a single lease component and to exclude short-term leases, defined as leases with an initial term of twelve months or less, from its consolidated balance sheets.

Lease expense for operating leases is recorded within program services within the consolidated statement of activities. Lease expense is further allocated among salaries and related benefits, occupancy, and warehousing expenses within program services.

Advances received for programs: Funds received on conditional grants are recorded as advance obligations to the funding entity until they are spent per the program agreement, at which time they are recognized as revenue.

Annuities payable: Annuities payable represent the actuarial present value of amounts due under annuity agreements paid over various periods, generally the life of the donor. Present value is calculated using the Annuity 2021 Mortality table with no adjustments, assuming interest rates of 2.5% to 7.0% compounded annually, and no provision for a surplus or contingency reserve. The interest rate is determined by the year of contribution and the guaranteed duration period, if any.

Interest rate swap agreements: CRS uses interest rate swap contracts principally to manage the risk that changes in interest rates have on its floating rate long-term debt. The following is a summary of CRS's risk management strategy and the effect of this strategy on the consolidated financial statements.

Interest rate swap contracts are used to adjust a portion of total debt that is subject to variable interest rates. Under the interest rate swap contract, CRS agrees to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable rate of interest times the same notional principal amount. No other cash payments are made unless the contract is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

CRS's interest rate swap contracts are considered to be a hedge against changes in the amount of future cash flows associated with CRS's interest payments under variable rate debt obligations. Accordingly, the interest rate swap contracts are reflected at fair value, as described in Note 10, in CRS's consolidated statements of financial position within accounts payable, accrued expenses and other liabilities and the related gain or loss on these contracts is recognized in the consolidated statements of activities.

The effect of this accounting on CRS's operating results is that interest expense on the portion of variable rate debt being hedged is generally recorded based on fixed interest rates.

The fair value of interest rate swaps is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties.

Note 2. Significant Accounting Policies (Continued)

Valuation of long-lived assets: CRS requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Contributions: Unconditional contributions, including the CRS Collection, CRS Rice Bowl and bequests, are recorded at net realizable value as revenue on receipt or when unconditional promises to give are received. Contribution revenue is recorded as increases in net assets without donor restrictions, unless their use is limited by time or donor-imposed restrictions.

Donated agricultural commodities and other in-kind gifts: CRS receives agricultural and other commodities at no cost from the United States Agency for International Development (USAID), the United States Department of Agriculture (USDA), the United Nations World Food Program and others for distribution under agreements related to specific relief programs. Donated commodities that have not been distributed at September 30, 2021 and 2020, are carried as undistributed commodities and deferred revenue, as the related support is determined to be conditional support until distributed.

Commodities received from the U.S. government are valued using guidelines published by the Commodity Credit Corporation (an agency of the United States government). Commodity donations from other donors are recorded at their insurable value, which approximates market value. Pharmaceutical donations from United States producers are approved by the United States Food and Drug Administration (FDA) for use in the United States.

In determining the fair value for these pharmaceuticals, management has concluded that the geographical areas where these are distributed do not represent their principal market and therefore considers the most advantageous market to be the U.S. for those approved for use in the U.S. Therefore, those approved for use in the U.S. are recorded at the wholesale value as indicated in recognized industry publications.

Other in-kind contributions are recorded at fair value. These contributions are included in other private and public revenues, respectively.

Government and other grant funding: Support and revenue related to government and other grants is recognized when funds are utilized by CRS to carry out the activity stipulated by the grant or contract, since such contracts can be terminated by the grantor, or refunding can be required under certain circumstances coupled with other performance and/or control barriers. For this reason, CRS's grant agreements are considered conditional and so, referred to as "conditional grants." Accordingly, amounts received, but not recognized as revenue, are classified in the consolidated statements of financial position as advances received for programs.

Functional expenses: The costs of providing CRS's various programs and supporting services have been summarized on a functional basis. Costs that can be identified with a specific program or support services are charged directly according to their natural expenditure classifications. Other costs that are common to multiple program and support functions are allocated on various basis. Vehicle expenses are allocated based on distances driven by program area. All field related program administration and support costs are allocated based on direct costs. Costs related to facilities are allocated to various functions based on space usage. The consolidated statements of functional expenses present the natural classification detail of expenses by function.

Note 2. Significant Accounting Policies (Continued)

Joint costs: Expenses related to the CRS Rice Bowl program jointly support fundraising and educational and other programming. These expenses totaled $1,209,000 and $1,197,000 for the years ended September 30, 2021 and 2020, respectively. Expenses were allocated 33% to fundraising and 67% to program services for fiscal year 2021 and 30% to fundraising and 70% to program services for fiscal year 2020.

Self-insured medical plan: Under the CRS plan, medical insurance coverage is obtained for each employee so that exposure to excessive medical expenses is capped in conjunction with certain stop loss provisions. Provisions for expenses expected under this program are recorded based upon CRS's estimates of the aggregate liability for claims incurred.

Income taxes: CRS is generally exempt from federal income taxes under IRC Section 501(c)(3). In addition, contributions to CRS qualify for charitable deductions under Section 170(b)(1)(A)(vi). CRS has been classified as an organization that is not a private foundation under Section 509(a)(1). Income which is not related to exempt purposes, less applicable deductions, may be subject to federal and state corporate income taxes. For the years ended September 30, 2021 and 2020, CRS has concluded it has no such unrelated business income.

CRS has adopted the standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this policy, CRS may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position.

Management evaluated CRS's tax positions and concluded that CRS had taken no uncertain tax positions that require adjustments to the consolidated financial statements to comply with the provision of this guidance. CRS would be liable for income taxes in the U.S. federal jurisdiction.

Subsequent events: CRS has established a general standard of accounting for the disclosure of events that occur after the consolidated statements of financial position date through the date the consolidated financial statements are issued. CRS has evaluated subsequent events through March 16, 2022, the date on which the consolidated financial statements were issued.

Reclassification: Certain of the 2020 comparative amounts were reclassified to conform to the 2021 presentation. These reclassifications had no effect on the previously reported net assets or the change in net assets.

Adopted accounting pronouncements: Certain accounting pronouncements which have recently been issued by the FASB and adopted by CRS are as follows:

Note 2. Significant Accounting Policies (Continued)

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU 2019-10 amended the effective period to fiscal years beginning after December 15, 2020 with early application permitted. This change in disclosure is effective for CRS's fiscal year ended September 30, 2021. CRS has adopted these provisions using the transition method provided by ASU 2018-11 in the year of adoption. As a result of the adoption of ASC 842, CRS recorded right-of-use assets of $27.8 million, and lease liabilities of $27.8 million as of October 1, 2020, the date of adoption.

In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* which modifies the disclosure requirements for defined benefit pension plans and other post-retirement plans including additional disclosures for cash balance pension plans and narrative description of the reasons for significant gain and losses affecting the benefit obligation for the period. The disclosure requirement modifications was effective for CRS's fiscal year ending September 30, 2021. CRS has applied the applicable disclosures guidance.

Recent accounting pronouncements: Certain accounting pronouncements which have recently been issued by the FASB and are relevant to CRS for future fiscal years are as follows:

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. This change in disclosure will be effective for CRS's fiscal year ending September 30, 2024. CRS is in the process of evaluating the impact of this new guidance.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the consolidated statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance will be effective for CRS's fiscal year ending September 30, 2022. CRS is the process of evaluating the impact of this new guidance.

Note 3. Concentration of Credit Risk

Cash and cash equivalents and segregated investments include demand deposits that are maintained at various financial institutions in the United States and foreign countries. The total deposits at institutions in the United States exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. Deposits held at institutions outside of the United States are not subject to insurance. At September 30, 2021 and 2020, $110,996,000 and $73,787,000, respectively, of deposits were in excess of FDIC insurance including $53,105,000 and $43,470,000, respectively, held in numerous financial institutions outside of the United States.

CRS invests in a professionally managed portfolio that contains shares of U.S. Treasury and Agency securities, equity securities, corporate and other private debt securities and investment pools. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Note 4. Accounts Receivable and Other Assets

At September 30, 2021 and 2020, accounts receivable and other assets consist of the following (in thousands):

	2021	2020
Program receivables	$ 128,913	$ 62,515
CRS Collection receivable	1,573	2,069
Bequest and other contributions receivable	15,162	21,723
Charitable trust and life insurance policy receivables	18,586	17,476
Trade receivables	5,041	5,232
Microfinance loans receivable	1,114	1,117
Total accounts receivable	170,389	110,132
Less allowance for doubtful accounts	(2,116)	(1,975)
Total accounts receivable, net	168,273	108,157
Prepaid expenses	66,731	60,563
Advances to subrecipients	16,651	4,584
Other assets	5,161	5,394
Total accounts receivable and other assets	$ 256,816	$ 178,698

Note 5. Investments and Fair Value Measurements

CRS defines fair value 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 and within a fair value hierarchy. The fair value hierarchy gives the highest rank to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest rank to unobservable inputs (Level 3). Inputs are broadly defined as data that market participants would use in pricing an asset or liability. Three levels of the hierarchy are used to determine fair value for consolidated financial statement purposes, as described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities and holdings in mutual funds are types of investments included in Level 1.

Note 5. Investments and Fair Value Measurements (Continued)

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes the use of models or other valuation methodologies. Investments which are in this category generally include corporate loans, less liquid, restricted equity securities and certain corporate bonds, U.S. government bonds and notes and over-the-counter derivatives.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value for a specific investment may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. CRS's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The following section describes the valuation techniques used by CRS:

Level 1: Investments in U.S. equities and money market funds traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

Level 2: Investments in U.S. treasury obligations, U.S. government agency bonds, mortgage-backed securities, asset backed securities, corporate, foreign and other obligations and overseas investments are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 2 in the fair value hierarchy. CRS's interest rate swap is observable at commonly quoted intervals for the full term of the swap and, therefore, is considered a Level 2 item. For the interest rate swaps in an asset position, the credit standing of the counter party is analyzed and factored into the fair value measurement of the asset. Fair value measurement of a liability must reflect the nonperformance risk of the entity. Therefore, the impact of CRS's credit worthiness has also been factored into the fair value measurement for the interest rate swap in a liability position.

Level 3: Charitable trusts are stated at fair value, using present value calculations of the trusts discounted at a rate of 6.5% for 2020. There is no active market for selling beneficial interests in charitable trusts; therefore, these financial instruments are classified as Level 3 in the fair value hierarchy.

The overall total of investments held at September 30, 2021, including securities detailed in the fair value disclosure, is as follows (in thousands):

	2021	
Non-segregated investments:		$ 188,460
Segregated gift annuities	47,124	
Segregated pooled income fund	1,315	
Total segregated investments		48,439
Total investments		236,899
Accrued interest		(317)
Cash equivalents from segregated investments		(1,268)
Investments included in fair value disclosure		$ 235,314

Note 5. Investments and Fair Value Measurements (Continued)

The following table presents CRS's fair value hierarchy for those assets reflected in the consolidated statements of financial position, measured at fair value as of September 30, 2021 (in thousands):

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
U.S. equities:				
Materials	$ 2,392	$ 2,392	$ -	$ -
Industrials	7,542	7,542	-	-
Telecommunications	7,543	7,543	-	-
Consumer discretionary	9,634	9,634	-	-
Consumer staples	3,697	3,697	-	-
Energy	1,913	1,913	-	-
Equity Funds	26	26	-	-
Financials	9,615	9,615	-	-
Health care	8,983	8,983	-	-
Information technology	19,006	19,006	-	-
Utilities	1,771	1,771	-	-
Real estate	2,059	2,059	-	-
Emerging market equities	6,917	6,917	-	-
Fixed income securities:				
U.S. treasury obligations	92,879	-	92,879	-
U.S. government agency bonds	7,906	-	7,906	-
Mortgage backed securities	1,090	-	1,090	-
Asset backed securities	1,946	-	1,946	-
Corporate, foreign and other obligations	24,619	-	24,619	-
	209,538	$ 81,098	$ 128,440	$ -
Investment pools (a):				
International equities	20,137			
Alternative investment fund	5,639			
Total investments	$ 235,314			
Charitable trusts	$ 17,689	$ -	$ -	$ 17,689
Money market funds	$ 19,660	$ 19,660	$ -	$ -
Financial liabilities:				
Interest rate swap contracts	$ 4,217	$ -	$ 4,217	$ -

(a) Certain investments which are measured at net asset value (NAV) per share are not required to be classified in the fair value hierarchy according to ASU 2015-07. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

Note 5. Investments and Fair Value Measurements (Continued)

The overall total of investments held at September 30, 2020, including securities detailed in the fair value disclosure, is as follows (in thousands):

	2020	
Non-segregated investments:		$ 127,968
Segregated gift annuities	54,617	
Segregated pooled income fund	1,356	
Total segregated investments		55,973
Total investments		183,941
Accrued interest		(352)
Cash equivalents from segregated investments		(464)
Investments included in fair value disclosure		$ 183,125

Note 5. Investments and Fair Value Measurements (Continued)

The following table presents CRS's fair value hierarchy for those assets reflected in the consolidated statements of financial position, measured at fair value as of September 30, 2020 (in thousands):

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
U.S. equities:				
Materials	$ 2,098	$ 2,098	$ -	$ -
Industrials	6,073	6,073	-	-
Telecommunications	6,657	6,657	-	-
Consumer discretionary	7,940	7,940	-	-
Consumer staples	4,299	4,299	-	-
Energy	1,273	1,273	-	-
Financials	7,227	7,227	-	-
Health care	7,797	7,797	-	-
Information technology	17,341	17,341	-	-
Utilities	1,915	1,915	-	-
Real estate	1,892	1,892	-	-
Emerging market equities	4,107	4,107	-	-
Fixed income securities:		-		
U.S. treasury obligations	59,435	-	59,435	-
U.S. government agency bonds	11,827	-	11,827	-
Mortgage backed securities	1,217	-	1,217	-
Asset backed securities	1,462	-	1,462	-
Corporate, foreign and other obligations	23,583	-	23,583	-
	166,143	$ 68,619	$ 97,524	$ -
Investment pools (a):				
International equities	14,302			
Alternative investment fund	2,680			
Total investments	$ 183,125			
Charitable trusts	$ 16,590	$ -	$ -	$ 16,590
Money market funds	$ 6,094	$ 6,094	$ -	$ -
Financial liabilities:				
Interest rate swap contracts	$ 5,797	$ -	$ 5,797	$ -

For the years ended September 30, 2021 and 2020, the fair value hierarchy above includes money market funds of $19,660,000 and $6,094,000, respectively, which are included as cash equivalents on the consolidated statements of financial position. Cash and accrued interest are excluded from the fair value hierarchy as cash is generally measured at cost.

Note 5. Investments and Fair Value Measurements (Continued)

Changes in Level 3 assets for the years ended September 30, 2021 and 2020, were as follows (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Charitable Trusts			
	2021		2020	
Beginning balance, October 1,	$	16,590	$	15,133
Distributions		(1,743)		(860)
Change in valuation		2,842		2,317
Ending balance, September 30,	$	17,689	$	16,590

CRS investments include investment pools. Information pertaining to these investments at September 30, 2021 and 2020, is as follows (in thousands):

		2021		2020		Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
International equities	$	20,137	$	14,302	$	-	Monthly	10 days
Alternative investment funds		5,639		2,680		205	N/A	N/A

The international equities include investment pools that seek long-term capital appreciation through two investment portfolios. The value fund invests in non-U.S. stocks of low valuation which the manager believes have the capacity to rebound in value, while the growth fund invests in non-U.S. stocks at a higher price-to-earnings ratio which the manager believes have strong prospects for continued growth.

The alternative investment funds include investment pools targeting Impact Investments through three investment portfolios. The first portfolio seeks to achieve attractive risk-adjusted returns while attempting to preserve capital in adverse market conditions through the implementation of diversified investment strategies. The goal of this fund's Impact Investment strategy is to source private equity, private credit and private real estate funds that make investments in companies or other entities that generate a beneficial social and/or environmental impact. The second portfolio invests in small and medium enterprises primarily in developing economies that provide the opportunity to achieve both competitive financial returns and positive measurable impact. The goal of the fund's Impact Investment strategy is to provide its unitholders current income, capital preservation, and modest capital appreciation primarily through trade finance and term loan financing. The third portfolio invests in institutions that provide financial services in developing economies, including institutions that serve micro, small and medium-sized enterprises. The goal of this fund's Impact Investment strategy is to provide needed credit to grow businesses, increase income and create jobs, benefitting household livelihoods in these developing economies. The fund intends to play an active role in effectuating financial and operational improvements while generating attractive financial returns on investment.

Note 6. Segregated Investments

CRS is required under various statutory regulations to segregate a certain level of appropriate investments to support its charitable gift annuity program. In addition, CRS sponsors a pooled income fund wherein the fund's earnings are distributed to participants until their death at which time the assets become available to CRS.

During the years ended September 30, 2021 and 2020, CRS received $3,503,000 and $3,351,000, respectively, of new charitable gift annuities, earned net investment income of $907,000 and $1,090,000, respectively, and made contractual annuity payments of $4,696,000 and $4,736,000, respectively.

During the years ended September 30, 2021 and 2020, the pooled income fund made earnings distributions to participants of $46,000 and $50,000, respectively.

Revenue from annuity contracts, irrevocable charitable trusts and the pooled income fund is recognized based on the present value of CRS's interest.

Note 7. Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates in effect on reporting dates, and revenue and expenses are translated at rates in effect on transaction dates. Translation gains and losses are included in current results. Total foreign currency translation losses of $765,000 and $2,206,000 for the years ended September 30, 2021 and 2020, respectively, are included in miscellaneous expense and investment income.

Note 8. Land, Building and Equipment

Land, building and equipment, at cost, at September 30, 2021 and 2020, are summarized as follows (in thousands):

	2021	2020
Land	$ 1,786	$ 1,786
Building and improvements	30,977	30,331
Furniture, equipment and vehicles	78,827	75,876
	111,590	107,993
Less accumulated depreciation	(71,391)	(67,568)
	$ 40,199	$ 40,425

Land, building and equipment includes restricted and grant assets of $6,167,000 and $4,209,000 at September 30, 2021 and 2020, respectively. Of these assets, $3,910,000 and $3,181,000 at September 30, 2021 and 2020, respectively, are restricted in compliance with federal program grant agreements as to use, resale and maintenance.

CRS entered into a 30-year capital lease agreement for its headquarters building in Baltimore, Maryland in 2006. The minimum lease payment of 30 years under this agreement of $13,465,000 was paid in full on the rent commencement date. On March 1, 2019, CRS became the managing partner and owner of 75% membership interest in a LLC that owns the CRS headquarters building and holds the lease agreement as landlord. Under consolidated acquisition accounting, CRS recorded the fair value of the headquarters land and building as of the transaction date in the consolidated financial statements and disclosures. Previously capitalized amounts related to the lease were eliminated in consolidation.

Note 9. Leases

CRS has operating leases for offices, expatriate housing, warehouses, apartments, and office equipment. CRS's property leases generally contain renewal options for periods ranging from one to five years. If we are reasonably certain to exercise these renewal options at lease inception, the options are considered in determining the lease term, and payments associated with the option years. Office equipment leases are inclusive of printer and copier equipment and are generally for terms of 60 months.

Operating lease right-of-use assets and lease liabilities as of September 30, 2021, consisted of the following (in thousands):

	2021
Assets:	
Operating lease assets	$ 25,956
Liabilities:	
Operating lease liabilities	$ 23,989

The components of lease cost for the year ended September 30, 2021, were as follows (in thousands):

	2021
Operating lease cost	$ 14,311
Short-term lease cost	435
Total lease cost	$ 14,746

Supplemental information regarding assumptions and cash flows for the operating leases is as follows (in thousands):

	2021
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 12,967
Leased assets obtained for new operating lease liabilities	$ 9,180

The lease term and discount rate for operating leases is as follows:

	2021
Weighted average remaining lease term	2.93 years
Weighted average discount rate	3.41%

Note 9. Leases (Continued)

As of September 30, 2021, maturities of lease liabilities were as follows (in thousands):

		Payments
Years ending September 30:		
2022	$	11,485
2023		7,293
2024		3,205
2025		1,498
2026		869
2027 and after		1,053
Total lease payments		25,403
Less imputed interest		(1,414)
Present value of lease liabilities	$	23,989

Note 10. Borrowings

Long-term debt at September 30, 2021, consisted of the following (in thousands):

		Principal		Unamortized Debt Issuance Costs		Net
Tax-exempt variable rate demand bonds	$	19,555	$	130	$	19,425
Note payable		2,000		-		2,000
Total	$	21,555	$	130	$	21,425

Long-term debt at September 30, 2020, consisted of the following (in thousands):

		Principal		Unamortized Debt Issuance Costs		Net
Term-loan, due 2021	$	2,829	$	-	$	2,829
Tax-exempt variable rate demand bonds		19,555		136		19,419
Total	$	22,384	$	136	$	22,248

To finance the capital lease obligation (now ownership) for its headquarters building, CRS had a term loan with Bank of America which matured on May 1, 2021. As of September 30, 2020, CRS had a balance of $2,829,000.

CRS has issued tax-exempt variable rate demand bonds in the amount of $19,555,000 in connection with renovations of the headquarters space. The bonds bear interest at a floating rate as determined by the bond remarketing agent based upon market conditions, unless converted to a fixed rate at the election of the borrower. Principal payments on the bonds begin in May 2023 and continue until final maturity in May 2036. A credit enhancement provided by Bank of America was used to obtain a credit rating on the bonds at issuance on May 18, 2006, of Aa1/VMIG 1. This rating has been revised several times and, as of September 30, 2021, was Aa2/VMIG 1.

Note 10. Borrowings (Continued)

The bond and term loan agreements contain certain financial and non-financial covenants, which were met for the years ended September 30, 2021 and 2020.

The bonds are collateralized by an irrevocable letter of credit in the amount of $19,742,514. The letter of credit was extended until June 15, 2022.

CRS entered into an interest rate swap agreement to reduce the impact of interest rate changes on its floating rate term loan and tax-exempt bonds. The agreement was executed with a notional principal in the amount of $19,145,000 for the tax-exempt variable rate demand bonds. The contract is based on an issue rate of 67% of LIBOR, and fixes the interest rate at 3.40%, through May 1, 2036.

The value of the swap instruments as of September 30, 2021 and 2020, and the change in value is reflected as follows (in thousands):

	2021	2020
Beginning liability balance, October 1	$ 5,797	$ 4,846
Unrealized (gain) loss	(1,580)	951
Ending liability balance, September 30	$ 4,217	$ 5,797

The swap instrument values are included in accounts payable, accrued expenses and other liabilities on the consolidated statements of financial position. The annual changes in the values of the swap instruments are included in the realized and unrealized gains and losses on investments and financial instruments on the consolidated statements of activities.

On July 9, 2020, CRS entered into a line of credit agreement with Bank of America with a maximum commitment of $20,000,000. This short-term debt includes interest payable on the first of each month beginning August 1, 2020. Interest is calculated using the greater of the LIBOR daily rate or the index floor of 0.50% plus 1.45% per annum calculated using a 360-day year. In May 2021, the line of credit was amended to a maximum commitment of $10,000,000 and extended to June 15, 2022. As of September 30, 2021 and 2020, CRS had an outstanding balance of $8,000,000 and $20,000,000, respectively.

On January 6, 2021, CRS received a note payable of $1,000,000 from the Silicon Valley Community Foundation (SVCF), which serves as capital to Isidro Investments, LLC for program uses in Guatemala, El Salvador, Haiti, and other countries approved by the Isidro Board of Directors for the period of January 1, 2021 to December 31, 2023. CRS has entered into a loan agreement on January 26, 2021 with Isidro Investments, LLC to loan them these funds. The loan accrues interest at the fixed rate of 1% per annum. Accrued interest and unpaid principal is due and payable in full on December 31, 2023.

On May 28, 2021, CRS received another note payable of $1,000,000 from SVCF, which serves as capital to Isidro Investments, LLC for program uses in Latin America, the Caribbean, and other countries approved by the Isidro Board of Directors for the period of August 1, 2021 to July 31, 2024. CRS has entered into a loan agreement on August 1, 2021 with Isidro Investments, LLC to loan them these funds. The loan accrues interest at the fixed rate of 2% per annum. Accrued interest and unpaid principal is due and payable in full on July 31, 2024.

Note 10. Borrowings (Continued)

Future annual maturities on debt as of September 30, 2021, are as follows (in thousands):

Years ending September 30:		
2022	$	8,000
2023		135
2024		3,190
2025		1,235
2026		1,280
2027-2036		15,715
	$	29,555

Note 11. Donated Agriculture, Other Commodities and Ocean Freight

Commodities and freight received in the years ended September 30, 2021 and 2020, consist of the following (in thousands):

		2021		2020
Agricultural commodities donated by USAID and USDA	$	116,309	$	71,109
Commodities and pharmaceuticals provided by the UN and other donors		151,834		68,971
Ocean freight provided by donors		67,729		45,390
Total donated agriculture, other commodities and ocean freight	$	335,872	$	185,470

Note 12. Investment Earnings

The components of return on investments described in Note 5, as well as earnings on microfinance lending, cash equivalents and segregated investments for the years ended September 30, 2021 and 2020, are as follows (in thousands):

		2021		2020
Dividends and interest	$	344	$	971
Realized and unrealized gain on investments		22,126		13,459
Investment management fees		(1,092)		(574)
	$	21,378	$	13,856

Note 13. Retirement Plans

CRS has a non-contributory defined benefit pension plan (the Plan) covering all lay employees who have completed one year of service and attained the age of 21. The benefits are based on years of service and the employee's highest average compensation during five consecutive years of the last ten years of service. A minimum of five years of service is required to attain a Plan benefit. Plan benefits were frozen effective December 31, 2013.

CRS also has a post-retirement health plan for employees who retire after the age of 65 with at least twenty years of service. Effective December 31, 2013, the plan was modified to exclude benefit contribution subsidies for any future qualifying participants. CRS funds retiree healthcare premiums on a cash basis, and for the years ended September 30, 2021 and 2020, paid $187,000 and $193,000, respectively, for retirees' healthcare coverage. The expected contribution for the year ending September 30, 2022, is $216,000.

Note 13. Retirement Plans (Continued)

The following schedule sets forth the funded status, components of net periodic benefit cost and weighted-average assumptions of the plans for the years ended September 30, 2021 and 2020 (dollars in thousands):

	Pension Benefits		Post-Retirement Health	
	2021	2020	2021	2020
Change in projected benefit obligation:				
Benefit obligation at beginning of period	$ 124,529	$ 114,760	$ 3,547	$ 3,313
Interest cost	3,346	3,614	79	94
Plan participant contributions	-	-	56	58
Benefits and administrative expenses paid	(3,598)	(2,397)	(243)	(251)
Actuarial loss (gain)	24	8,552	(188)	333
Benefit obligation at end of period	124,301	124,529	3,251	3,547
Change in plan assets:				
Fair value of plan assets at beginning of period	78,660	73,489	-	-
Actual return on plan assets	15,348	6,568	-	-
Employer contributions	1,000	1,000	187	193
Plan participant contributions	-	-	56	58
Benefits and administrative expenses paid	(3,598)	(2,397)	(243)	(251)
Fair value of plan assets at end of period	91,410	78,660	-	-
Funded status at end of year	$ (32,891)	$ (45,869)	$ (3,251)	$ (3,547)
Amounts recognized in statement of financial position	$ (32,891)	$ (45,869)	$ (3,251)	$ (3,547)
Cumulative amounts recognized in non-operating revenue and expenses:				
Net loss (gain)	$ 20,526	$ 32,963	$ (316)	$ (128)
Accrued benefit cost	$ 20,526	$ 32,963	$ (316)	$ (128)
Components of net periodic benefit cost:				
Interest cost	$ 3,346	$ 3,614	$ 79	$ 95
Expected return on plan assets	(5,023)	(4,697)	-	-
Amortization of net loss (gain)	2,136	1,710	-	(9)
Total net periodic benefit cost	459	627	79	86
Other changes in plan assets and benefit obligations recognized in non-operating revenue:				
Net (gain) loss	(10,301)	6,681	(188)	333
Amortization of net (gain) loss	(2,136)	(1,709)	-	9
Total recognized in non-operating revenue	(12,437)	4,972	(188)	342
Total recognized in net periodic benefit cost and non-operating revenue	$ (11,978)	$ 5,599	$ (109)	$ 428
Weighted-average assumptions:				
Discount rate	2.89%	2.73%	2.54%	2.29%
Expected return on plan assets	6.50%	6.50%	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A

Note 13. Retirement Plans (Continued)

The investment objective of the defined benefit plan is to attain an overall return in excess of the actuarially assumed rate, while protecting the plan's principal by managing investment risk. CRS's Budget and Finance Committee has selected market-based benchmarks to monitor the performance of the investment strategy.

The gain for the period is driven by higher than anticipated market returns and increase in discount rate.

The investment strategy has a target asset allocation policy as follows:

Asset class	Minimum	Target	Maximum
U.S. equities	27%	42%	57%
Fixed income	25%	35%	45%
International equities	8%	13%	18%
Emerging market equities	0%	5%	10%
Alternative investments	0%	5%	10%

The investment policy requires compliance with applicable state and federal regulations, including the Employee Retirement Income Security Act of 1974 (ERISA). The expected long-term rate of return on plan assets is based primarily on expectations of future returns for the pension plan's investments, based upon the target asset allocations. Additionally, the historical returns on comparable equity and fixed income investments are considered in the estimate of the expected long-term rate of return on plan assets.

Allocations of plan assets at September 30, 2021 and 2020, are as follows (dollars in thousands):

	2021		2020	
	Amount	Percent	Amount	Percent
U.S. equities and equivalents	$ 47,536	52%	$ 40,143	51%
Fixed income	23,234	26	22,178	28
International equities and equivalents	16,758	18	14,142	18
Cash equivalents	3,882	4	2,197	3
	$ 91,410	100%	$ 78,660	100%

Note 13. Retirement Plans (Continued)

Pension plan assets as of September 30, 2021, which are not separately reflected in the consolidated statement of financial position, are invested as follows (in thousands):

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investment component:				
U.S. equities:				
Materials	$ 1,565	$ 1,565	$ -	$ -
Industrials	4,971	4,971	-	-
Telecommunications	4,678	4,678	-	-
Consumer discretionary	6,122	6,122	-	-
Consumer staples	2,337	2,337	-	-
Energy	1,204	1,204	-	-
Financials	6,084	6,084	-	-
Health care	5,695	5,695	-	-
Information technology	11,852	11,852	-	-
Utilities	1,134	1,134	-	-
Real estate	1,894	1,894	-	-
Fixed income securities:				
U.S. treasury obligations	8,549	-	8,549	-
U.S. government agency bonds	7,055	-	7,055	-
Corporate and foreign bonds	7,630	-	7,630	-
	70,770	$ 47,536	$ 23,234	$ -
Investment pools (a):				
International equities	16,758			
Total investments	$ 87,528			
Money market funds	$ 3,882	$ 3,882	$ -	$ -

(a) Certain investments which are measured at NAV per share are not required to be classified in the fair value hierarchy according to ASU 2015-07. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

Note 13. Retirement Plans (Continued)

Pension plan assets as of September 30, 2020, which are not separately reflected in the consolidated statement of financial position, are invested as follows (in thousands):

		Fair Value Measurements Using		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investment component:				
U.S. equities:				
Materials	$ 1,407	$ 1,407	$ -	$ -
Industrials	3,979	3,979	-	-
Telecommunications	3,888	3,888	-	-
Consumer discretionary	5,015	5,015	-	-
Consumer staples	2,578	2,578	-	-
Energy	756	756	-	-
Financials	4,604	4,604	-	-
Health care	4,923	4,923	-	-
Information technology	10,344	10,344	-	-
Utilities	1,161	1,161	-	-
Real estate	1,488	1,488	-	-
Fixed income securities:				
U.S. treasury obligations	7,887	-	7,887	-
U.S. government agency bonds	5,085	-	5,085	-
Corporate and foreign bonds	9,206	-	9,206	-
	62,321	$ 40,143	$ 22,178	$ -
Investment pools (a):				
International equities	14,142			
Total investments	$ 76,463			
Money market funds	$ 2,197	$ 2,197	$ -	$ -

CRS investments include investment pools. Information pertaining to these investments at September 30, 2021 and 2020, is as follows (in thousands):

	2021	2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International equities (long-term value and growth fund)	$ 16,758	$ 14,142	$ -	Monthly	10 days

The above fund includes investment pools that seek long-term capital appreciation through two investment portfolios. The value fund invests in non-U.S. stocks of low valuation which the manager believes have capacity to rebound in value, while the growth fund invests in non-U.S. stocks at a higher price-to-earnings ratio which the manager believes have strong prospects for continued growth.

Note 13. Retirement Plans (Continued)

The pension plan contribution for the year ending September 30, 2022, is expected to be $1,000,000. The plan's expected payouts for the next five years and the following five years in the aggregate, are as follows (in thousands):

		Payout
Years ending September 30:		
2022	$	3,996
2023		3,933
2024		4,081
2025		4,548
2026		4,842
2027-2031		26,942

The healthcare inflation rate is assumed to be 7.25% in 2021. The health care cost trend rate for the year ended September 30, 2021, is assumed to be 7.25%. The 4% ultimate rate is projected to be reached by 2029. A one percentage point increase in the healthcare inflation rate from the assumed rate could increase the accumulated post-retirement health benefit obligation by approximately $327,000 as of September 30, 2021, and would increase the aggregate of the service cost and interest cost components of net periodic post-retirement health benefit cost for 2021 by approximately $9,000. A one percentage point decrease in the healthcare inflation rate from the assumed rate could decrease the accumulated post-retirement health benefit obligation by approximately $284,000 as of September 30, 2021, and would decrease the aggregate of the service cost and interest components of net periodic post-retirement health benefit cost for 2021 by approximately $7,000. The plans' expected payouts for the next five years and the following five years in the aggregate, are as follows (in thousands):

		Payout
Years ending September 30:		
2022	$	216
2023		214
2024		211
2025		212
2026		204
2027-2031		980

CRS also provides eligible U.S. employees a defined contribution plan, which qualifies under IRC Section 403(b). Under the plan, CRS contributes to a participant's account an amount equal to 50% of the participant's contribution, not to exceed 3% of the participant's eligible earnings. CRS also provides an equivalent plan for non-U.S. expatriate staff. The contributions are invested in various mutual funds chosen by the participant.

Effective January 1, 2014, the defined contribution plans receive additional employer-provided contributions credited to eligible employees, as approved by the Board of Directors. In addition to the matching component noted above, CRS makes a contribution of 7% of wages for eligible employees and a 3% contribution above that amount for certain lower-waged staff. Also, staff employed on December 31, 2013, who are age 40 or above on that date, receive an additional 1% to 3% contribution, depending upon age.

CRS contributed $10,086,000 and $9,309,000 to these retirement plans for the years ended September 30, 2021 and 2020, respectively.

Note 14. Self-Insured Medical Plan

CRS maintains a self-insured medical plan for the benefit of its employees. A stop loss policy is in effect, which limits CRS's loss per individual employee to $225,000. The medical plan is administered through a contractual relationship with a third party plan administrator. However, CRS is solely responsible for all claims incurred up to the amount of the stop loss provisions. CRS's expense under the self-insured medical plan amounted to $10,962,000 and $10,533,000 for the years ended September 30, 2021 and 2020, respectively.

Note 15. Net Assets

Net assets at September 30, 2021 and 2020, are composed of the following (in thousands):

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Available for operations	$ 88,982	$ -	$ 38,527	$ -
Board-designated operating reserve	60,000	-	60,000	-
Net assets restricted for time or purpose:				
Private emergency funds	-	47,445	-	36,814
Charitable trust and life insurance policy	-	15,477	-	14,788
Pooled income fund	-	895	-	880
Agency strategy and other	-	20,792	-	13,045
Private emergency and other purpose restricted endowments	-	12,371	-	10,320
Time-restricted endowments	-	21,062	-	6,787
Third-party trust endowment assets not subject to UPMIFA	-	3,109	-	2,688
Total net assets	$ 148,982	$ 121,151	$ 98,527	$ 85,322

Net assets were released for the following purposes during 2021 and 2020 (in thousands):

	2021	2020
Program restricted purposes met	$ 38,686	$ 36,790
Time restricted purposes met	2,381	1,333
	$ 41,067	$ 38,123

Note 16. Endowments

Interpretation of relevant law: CRS has interpreted the state of Maryland's enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. CRS therefore classifies as net assets with donor restrictions in perpetuity the original value of the gifts donated to the donor-restricted endowment. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as time or purpose restricted net assets until those amounts are appropriated for expenditure by CRS in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 16. Endowments (Continued)

In accordance with UPMIFA, CRS considers the following factors in making a determination to appropriate or accumulate income and gains of donor-restricted endowment funds:

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

Return objective and risk parameters: The long-term goal of the endowment funds is to achieve appreciation of assets without exposure to undue risk. The portfolio is expected to support desired spending, provide additional growth to cover expenses and preserve the purchasing power of the endowment assets over time, net of all fees, over a five-year moving time period.

Spending policy: The current policy is to distribute an amount up to 5% of the average market value of the endowment based on a 12-quarter moving average, adjusted for contributions and distributions.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires CRS to retain as a fund of perpetual duration. Subsequent gains restore the fair value of the assets of the endowment to the required level. There were no deficiencies as of September 30, 2021 and 2020.

Endowment Net Assets with Donor Restrictions
(In Thousands)

	2021	2020
Purpose-restricted endowment funds	$ 12,371	$ 10,320
Time-restricted endowment funds	21,062	6,787
Total funds	$ 33,433	$ 17,107

Changes in Endowment Net Assets with Donor Restrictions
(In Thousands)

	2021	2020
Endowment net assets, beginning of the year	$ 17,107	$ 15,660
Net investment income	4,152	2,143
Contributions	13,044	-
Endowment draw to operating	(870)	(696)
Endowment net assets, end of the year	$ 33,433	$ 17,107

Note 17. Commitments and Contingencies

CRS entered into a six-year service agreement with a software vendor in 2017, for a minimum financial commitment of $7.2 million over that period. In 2019, CRS extended the contract through 2026 for a minimum financial commitment of $18.6 million. Termination rights under the agreement are only for a breach upon 30 days' notice. As of September 30, 2021, the remaining minimum commitment is $15.7 million.

CRS receives significant financial and non-financial assistance from the U.S. government. Entitlement to such resources is generally conditioned upon compliance with terms and conditions of the related agreements and applicable federal regulations. The use of such resources is subject to audit by governmental agencies, and CRS is contingently liable to refund amounts received in excess of allowable expenditures. As of September 30, 2021 and 2020, CRS has recorded a liability for its estimate of questioned costs that may have to be refunded to the government.

During the year ended September 30, 2018, CRS identified a probable loss of assets relating to a distribution activity in a single overseas operating location. CRS is fully complying with the funder's requests for information. As the matter is still pending resolution, CRS has estimated a contingent liability for the probable loss using information obtained from the investigation as to the nature of how the loss occurred relative to the volume of the overall activity. CRS's estimate of this contingent liability is $10 million and is included as an accrual in the consolidated financial statements as of September 30, 2021 and 2020. The actual loss (reimbursement to funder), if any, may vary from the estimate and that variance could be material.

In the normal course of business, CRS is party to various claims and assessments. In the opinion of management, these matters will not have a material effect on CRS's financial position, change in net assets or cash flow.

Note 18. Liquidity and Availability of Financial Assets

The following reflects CRS's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or internal designations within one year of the consolidated statements of financial position date. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Directors approves that action.

	(In Thousands) 2021	2020
Financial assets due within one year:		
Cash and cash equivalents	$ 113,101	$ 74,045
Accounts receivable, net	134,091	94,008
Investments	189,714	125,289
Less those unavailable for general expenditures within one year:		
Advances received for programs	(149,169)	(52,956)
Restricted by donor with time or purpose restrictions	(68,237)	(49,858)
Donor-restricted endowments	(33,433)	(17,107)
Board designations:		
Board-designated operating reserve	(60,000)	(60,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 126,067	$ 113,421

CRS's endowment funds consist of donor-restricted endowments that are part of net assets with donor restrictions. Certain income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures. According to CRS's endowment spending policy, 5% of the three-year moving average balance of the endowment is available for expenditures consistent with the restriction of each specific endowment.

As part of CRS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due, to help manage unanticipated liquidity needs. In addition, CRS has a board designated reserve of $60,000,000 available to be appropriated for general expenditure if necessary.

Note 19. Conditional Promises to Give

CRS has conditional promises (mainly conditional grants) to give from grantors and donors of $1,286,526,000 as of September 30, 2021. Of the outstanding conditional promises to give from donors, $811,079,000 was awarded by U.S. government donors and $475,447,000 was awarded by other donors as of September 30, 2021. Future payments are contingent upon CRS carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.

CRS has made conditional promises (conditional grants) to implementing partners of $310,133,000 as of September 30, 2021. Of the outstanding conditional promises to implementing partners, $131,699,000 was awarded by U.S. government donors and $178,434,000 was awarded by other donors as of September 30, 2021. Future payments are contingent upon the implementing partners carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.

Note 20. Subsequent Events

In November 2021, a donor requested CRS suspend a portion of grant funded program activities in a country program due to political developments. In December 2021, CRS returned $43.5M of unspent funds related to this conditional grant. This conditional grant funding was included in advances received for programs as of September 30, 2021.

In December 2021, CRS identified a probable loss of inventory relating to looting activities in a single overseas operating location. CRS's estimate of this loss is $11.5 million. CRS is fully complying with the funder's request for gathering and communicating information.