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

Consolidated Financial Report
September 30, 2020

Contents

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, 2020 and 2019, 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, 2020 and 2019, 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 29, 2021 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 29, 2021

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

Consolidated Statements of Financial Position
September 30, 2020 and 2019
(In Thousands)

	2020	2019
Assets		
Cash and cash equivalents	**$ 74,045**	$ 64,610
Accounts receivable and other assets	**178,698**	139,683
Investments	**127,968**	132,227
Segregated investments	**55,973**	56,935
Undistributed commodities and program materials	**77,950**	70,764
Land, building and equipment, net	**40,425**	44,350
Total assets	**$ 555,059**	$ 508,569
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	**$ 108,420**	$ 95,004
Line of credit	**20,000**	-
Retirement plan liabilities	**49,417**	44,584
Advances received for programs	**52,956**	70,519
Deferred revenue – commodities	**74,581**	68,882
Annuities payable	**43,588**	43,042
Long-term debt, net of unamortized debt issuance costs	**22,248**	23,260
Total liabilities	**371,210**	345,291
Net assets:		
Without donor restrictions	**98,527**	83,654
With donor restrictions	**85,322**	79,624
Total net assets	**183,849**	163,278
Total liabilities and net assets	**$ 555,059**	$ 508,569

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
(With Comparative Totals for 2019)
(In Thousands)

	2020			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2019
Support and revenue:				
Private support and revenue:				
Catholic Relief Services Collection	**$ 12,810**	**$ -**	**$ 12,810**	$ 11,150
Catholic Relief Services Rice Bowl	**-**	**3,940**	**3,940**	8,401
Private contributions	**100,034**	**34,882**	**134,916**	126,055
Foundation and other private revenue	**47,598**	**-**	**47,598**	43,417
Bequests	**36,992**	**227**	**37,219**	35,315
Total private support and revenue	**197,434**	**39,049**	**236,483**	224,338
Public support and revenue:				
Donated agricultural, other commodities and ocean freight	**185,470**	**-**	**185,470**	210,252
United States government grants and agreements	**363,862**	**-**	**363,862**	349,987
Other public grants and contributions	**136,093**	**-**	**136,093**	152,558
Total public support and revenue	**685,425**	**-**	**685,425**	712,797
Investment and other income	**1,224**	**460**	**1,684**	3,073
Net assets released from restrictions	**38,123**	**(38,123)**	**-**	-
Total support and revenue	**922,206**	**1,386**	**923,592**	940,208
Expenses:				
Program services	**836,442**	**-**	**836,442**	873,496
Supporting services:				
Management and general	**43,708**	**-**	**43,708**	36,083
Public awareness	**7,247**	**-**	**7,247**	9,375
Fundraising	**25,664**	**-**	**25,664**	25,747
Total supporting services	**76,619**	**-**	**76,619**	71,205
Total expenses	**913,061**	**-**	**913,061**	944,701
Change in net assets before investment and other gains and losses	**9,145**	**1,386**	**10,531**	(4,493)
Investment and other gains and losses:				
Net change in annuities, trusts and pooled income fund	**423**	**2,423**	**2,846**	(1,254)
Realized and unrealized gain on investments and financial instruments	**10,619**	**1,889**	**12,508**	3,126
Defined benefit plan adjustments	**(5,314)**	**-**	**(5,314)**	(18,941)
Total investment and other gains and losses	**5,728**	**4,312**	**10,040**	(17,069)
Change in net assets	**14,873**	**5,698**	**20,571**	(21,562)
Net assets:				
Beginning	**83,654**	**79,624**	**163,278**	184,840
Ending	**$ 98,527**	**$ 85,322**	**$ 183,849**	$ 163,278

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, 2019
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Private support and revenue:			
Catholic Relief Services Collection	$ 11,150	$ -	$ 11,150
Catholic Relief Services Rice Bowl	-	8,401	8,401
Private contributions	92,154	33,901	126,055
Foundation and other private revenue	43,417	-	43,417
Bequests	35,076	239	35,315
Total private support and revenue	181,797	42,541	224,338
Public support and revenue:			
Donated agricultural, other commodities and ocean freight	210,252	-	210,252
United States government grants and agreements	349,987	-	349,987
Other public grants and contributions	152,558	-	152,558
Total public support and revenue	712,797	-	712,797
Investment and other income	2,512	561	3,073
Net assets released from restrictions	40,850	(40,850)	-
Total support and revenue	937,956	2,252	940,208
Expenses:			
Program services	873,496	-	873,496
Supporting services:			
Management and general	36,083	-	36,083
Public awareness	9,375	-	9,375
Fundraising	25,747	-	25,747
Total supporting services	71,205	-	71,205
Total expenses	944,701	-	944,701
Change in net assets before investment and other gains and losses	(6,745)	2,252	(4,493)
Investment and other gains and losses:			
Net change in annuities, trusts and pooled income fund	(1,431)	177	(1,254)
Realized and unrealized gain on investments and financial instruments	2,241	885	3,126
Defined benefit plan adjustments	(18,941)	-	(18,941)
Total investment and other gains and losses	(18,131)	1,062	(17,069)
Change in net assets	(24,876)	3,314	(21,562)
Net assets:			
Beginning	108,530	76,310	184,840
Ending	$ 83,654	$ 79,624	$ 163,278

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, 2020 and 2019
(In Thousands)

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 20,571	$ (21,562)
Adjustments to reconcile change in net assets to net cash		
(used in) provided by operating activities:		
Depreciation	8,239	9,754
Gain on disposal of building and equipment	(118)	(136)
Realized and unrealized gain on sales of investments and financial instruments	(12,508)	(4,057)
Contributions restricted for permanent investment	-	(239)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable and other assets	(39,015)	4,345
Undistributed commodities and program materials	(7,186)	(11,888)
Donated operating investments sold during the year (held at year-end)	-	6,415
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses and other liabilities	12,467	(4,178)
Retirement plan liabilities	4,833	17,260
Advances received for programs	(17,563)	(4,311)
Deferred revenue – commodities	5,699	12,167
Annuities payable	546	2,073
Net cash (used in) provided by operating activities	(24,035)	5,643
Cash flows from investing activities:		
Proceeds from sale of land, building and equipment	239	546
Purchase of land, building and equipment	(4,436)	(6,027)
Proceeds from sales and maturities of investments	276,134	217,600
Purchase of investments	(257,455)	(210,765)
Net cash provided by investing activities	14,482	1,354
Cash flows from financing activities:		
Principal payments and liquidations of long-term debt	(1,012)	(963)
Contributions restricted for permanent investment	-	239
Proceeds from line of credit	20,000	-
Net cash provided by (used in) financing activities	18,988	(724)
Net increase in cash and cash equivalents	9,435	6,273
Cash and cash equivalents:		
Beginning	64,610	58,337
Ending	$ 74,045	$ 64,610
Supplemental disclosure of cash flow information:		
Cash payments for interest	$ 852	$ 882
Supplemental disclosures of non-cash investing information:		
Donated headquarters land and building	$ -	$ 22,575
Conversion of headquarters leasehold improvements	$ -	$ (23,506)

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
(With Comparative Totals for 2019)
(In Thousands)

	2020 Program Services									
Description	Agriculture	Water and Environment	Education	Emergency	Small Enterprise	Heath and Social Services	Justice and Peacebuilding	Partner Capacity Strengthening	Total	2019
Program services:										
Salaries and related benefits	$ 34,154	$ 5,054	$ 27,671	$ 87,113	$ 2,350	$ 58,298	$ 13,380	$ 3,035	$ 231,055	$ 219,773
Contracting and professional fees	5,596	1,051	2,951	11,069	374	6,048	1,371	42	28,502	32,829
Telecommunications and postage	1,182	92	605	3,027	68	2,423	214	27	7,638	7,388
Printing, supplies, office and miscellaneous expenses	2,239	353	2,226	5,438	104	4,961	917	83	16,321	10,577
Occupancy	1,897	346	1,719	4,214	145	3,360	928	162	12,771	12,780
Vehicle and equipment	2,054	347	1,370	4,712	116	3,939	505	446	13,489	13,779
Travel, training and representation	4,370	1,231	3,846	7,263	354	15,305	1,568	468	34,405	51,241
Warehousing and freight	-	25	9,578	49,171	-	2,326	4	10	61,114	57,600
Publicity	3	5	9	20	2	23	9	-	71	45
Subgrants to implementing partners	13,565	1,622	17,990	65,810	1,394	80,668	10,687	1,959	193,695	201,217
Project labor and materials	4,771	2,145	8,931	55,911	780	11,217	1,948	79	85,782	80,437
Food, other commodities and in-kind contributions	204	1	8,955	95,979	-	40,168	-	-	145,307	178,652
Depreciation	2,212	4	1,547	504	5	2,005	12	3	6,292	7,178
Total expenses	$ 72,247	$ 12,276	$ 87,398	$ 390,231	$ 5,692	$ 230,741	$ 31,543	$ 6,314	$ 836,442	$ 873,496

(Continued)

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

Consolidated Statement of Functional Expenses (Continued)
Year Ended September 30, 2020
(With Comparative Totals for 2019)
(In Thousands)

	2020 Supporting Services					Total Expenses	
Description	Management and General	Public Awareness	Fundraising	Total	2019	2020	2019
Supporting services:							
Salaries and related benefits	$ 23,516	$ 5,504	$ 10,354	$ 39,374	$ 34,032	$ 270,429	$ 253,805
Contracting and professional fees	13,894	322	3,164	17,380	14,821	45,882	47,650
Telecommunications and postage	644	5	4,388	5,037	5,268	12,675	12,656
Printing, supplies, office and miscellaneous expenses	2,163	252	5,269	7,684	6,284	24,005	16,861
Occupancy	184	219	354	757	1,055	13,528	13,835
Vehicle and equipment	185	70	36	291	265	13,780	14,044
Travel, training and representation	1,328	142	256	1,726	2,467	36,131	53,708
Warehousing and freight	18	-	19	37	17	61,151	57,617
Publicity	-	70	1,717	1,787	4,153	1,858	4,198
Subgrants to implementing partners	-	7	-	7	-	193,702	201,217
Project labor and materials	-	13	-	13	2	85,795	80,439
Food, other commodities and in-kind contributions	-	579	-	579	265	145,886	178,917
Depreciation	1,776	64	107	1,947	2,576	8,239	9,754
Total expenses	$ 43,708	$ 7,247	$ 25,664	$ 76,619	$ 71,205	$ 913,061	$ 944,701

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, 2019
(In Thousands)

	Program Services							
Description	Agriculture	Water and Environment	Education	Emergency	Small Enterprise	Heath and Social Services	Justice and Peacebuilding	Total
Program services:								
Salaries and related benefits	$ 35,994	$ 3,902	$ 25,548	$ 81,802	$ 2,931	$ 56,160	$ 13,436	$ 219,773
Contracting and professional fees	6,592	953	3,316	13,704	168	5,853	2,243	32,829
Telecommunications and postage	1,308	73	507	2,989	63	2,240	208	7,388
Printing, supplies, office and miscellaneous expenses	1,376	202	1,257	3,800	95	3,405	442	10,577
Occupancy	1,553	178	1,885	4,745	225	3,307	887	12,780
Vehicle and equipment	2,419	378	1,860	4,477	240	3,663	742	13,779
Travel, training and representation	7,915	1,363	4,870	10,770	939	22,431	2,953	51,241
Warehousing and freight	534	1	8,322	46,642	3	2,066	32	57,600
Publicity	2	15	3	7	-	4	14	45
Subgrants to implementing partners	17,582	787	15,697	66,931	1,651	81,936	16,633	201,217
Project labor and materials	4,488	3,253	8,214	55,664	543	7,328	947	80,437
Food, other commodities and in-kind contributions	3,446	-	7,843	76,003	-	91,360	-	178,652
Depreciation	3,498	3	1,319	768	6	1,362	222	7,178
Total expenses	$ 86,707	$ 11,108	$ 80,641	$ 368,302	$ 6,864	$ 281,115	$ 38,759	$ 873,496

(Continued)

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

Consolidated Statement of Functional Expenses (Continued)
Year Ended September 30, 2019
(In Thousands)

	Supporting Services				
Description	Management and General	Public Awareness	Fundraising	Total Supporting Services	Total Expenses
Supporting services:					
Salaries and related benefits	$ 19,273	$ 5,469	$ 9,290	$ 34,032	$ 253,805
Contracting and professional fees	10,808	569	3,444	14,821	47,650
Telecommunications and postage	734	3	4,531	5,268	12,656
Printing, supplies, office and miscellaneous expenses	771	218	5,295	6,284	16,861
Occupancy	463	235	357	1,055	13,835
Vehicle and equipment	149	52	64	265	14,044
Travel, training and representation	1,463	357	647	2,467	53,708
Warehousing and freight	-	-	17	17	57,617
Publicity	-	2,148	2,005	4,153	4,198
Subgrants to implementing partners	-	-	-	-	201,217
Project labor and materials	-	2	-	2	80,439
Food, other commodities and in-kind contributions	9	256	-	265	178,917
Depreciation	2,413	66	97	2,576	9,754
Total expenses	$ 36,083	$ 9,375	$ 25,747	$ 71,205	$ 944,701

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 12 U.S. Bishops elected from the USCCB, the General Secretary of the Conference, and 10 lay members. Headquartered in Baltimore, Maryland, CRS provides services in 115 countries through 70 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 2020 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 CRS headquarters building in Baltimore, Maryland. CRS 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 CRS. The Chairman and President of CRS 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, 2020 and 2019.

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 restoring degraded land, improving sustainable production systems, upgrading seed systems, strengthening farmer organizations, enhancing women's decision-making roles, linking farmers to markets and financial services, 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 availability 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 seeking to improve learning and achievement for all children and adolescents by strengthening access to and delivery of basic literacy, numeracy and other life skills through both formal and non-formal education; ensuring that schools are safe and welcoming for students and teachers; engaging communities to support children's learning; and strengthening education systems to ensure sustained improvements in equity and quality.

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; strengthening the 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 faith-based and other civil society partners' capacity to promote social change by improving social cohesion through non-violent conflict prevention, mitigation and resolution and by influencing and engaging with government to advance social justice in the areas of gender inequality and gender-based violence, resource-based conflict, protection of vulnerable children and adults, prevention of human trafficking and positive youth development.

***Partner Capacity Strengthening**:* Programs and activities improving the programmatic and operational competency of an individual, group, network, system, or organization by: learning new knowledge, skills, attitudes; improving systems, and structures needed to function effectively towards sustainability and achievement of goals; and accompanying colleagues in partners organizations with continuous improvement and applied learning.

Note 2. Significant Accounting Policies

A summary of 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 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 support and private 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 2020 and 2019.

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 is recognized when earned.

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.

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 2020 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.

Note 2. Significant Accounting Policies (Continued)

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 9, in CRS's consolidated statements of financial position 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.

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, 2020 and 2019, 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 are from United States producers and are approved by the United States Food and Drug Administration (FDA) for use in the United States.

Note 2. Significant Accounting Policies (Continued)

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 statement of functional expenses present the natural classification detail of expenses by function.

Joint costs: Expenses related to the CRS Rice Bowl program jointly support fundraising and educational and other programming. These expenses totaled $1,197,000 and $1,631,000 for the years ended September 30, 2020 and 2019, respectively. Expenses were allocated 30% to fundraising and 70% to program services for fiscal year 2020 and 23% to fundraising and 77% to program services for fiscal year 2019.

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, 2020 and 2019, 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.

Note 2. Significant Accounting Policies (Continued)

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 statement of financial position date through the date the consolidated financial statements are issued. CRS evaluated subsequent events through March 29, 2021, which is the date the consolidated financial statements were issued.

Reclassification: Certain of the 2019 comparative amounts were reclassified to conform to the 2020 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.

In July 2017, the FASB issued Accounting Standards Update (ASU) 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires entities to disaggregate the current-service-cost component from the other components of the net benefit cost and present it with other current compensation costs for related employees in the income statement and present the other components elsewhere in the income statement and outside of income from operations if such a subtotal is presented. This ASU does not have a material impact on CRS consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where CRS is a resource recipient, the ASU is applicable to contributions received for fiscal year ended September 30, 2019, and where CRS is a resource provider, the ASU is effective for fiscal year ended September 30, 2020. CRS has adopted these provisions on a modified prospective basis in the respective year of adoption.

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

In February 2016, the FASB issued 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 will be effective for CRS's fiscal year ending September 30, 2021. CRS is in the process of evaluating the impact of this new guidance.

Note 2. Significant Accounting Policies (Continued)

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 August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The changes in disclosure requirements will be effective for CRS's fiscal year ending September 30, 2021. CRS is in the process of evaluating the impact of this new guidance.

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. The disclosure requirement modifications will be effective for CRS's fiscal year ending September 30, 2021 and will be applied on a retrospective basis in accordance with the guidance. 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 statement 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, 2020 and 2019, $73,787,000 and $64,287,000, respectively, of deposits were in excess of FDIC insurance including $43,470,000 and $26,014,000, 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, 2020 and 2019, accounts receivable and other assets consist of the following (in thousands):

	2020	2019
Program receivables	$ 62,515	$ 49,071
CRS Collection receivable	2,069	2,933
Bequest and other contributions receivable	21,723	25,155
Charitable trust and life insurance policy receivables	17,476	15,953
Trade receivables	5,232	5,518
Microfinance loans receivable	1,117	1,041
Total accounts receivable	110,132	99,671
Less allowance for doubtful accounts	(1,975)	(1,761)
Total accounts receivable, net	108,157	97,910
Prepaid expenses	60,563	40,569
Other assets	9,978	1,205
Total accounts receivable and other assets	$ 178,698	$ 139,683

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.

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.

Note 5. Investments and Fair Value Measurements (Continued)

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, 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	$ -

(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, 2019, including securities detailed in the fair value disclosure, is as follows (in thousands):

		2019
Non-segregated investments:		$ 132,227
Segregated gift annuities	55,470	
Segregated pooled income fund	1,465	
Total segregated investments		56,935
Total investments		189,162
Accrued interest		(437)
Cash equivalents from segregated investments		(388)
Investments included in fair value disclosure		$ 188,337

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, 2019 (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	$ 1,862	$ 1,862	$ -	$ -
Industrials	6,263	6,263	-	-
Telecommunications	6,967	6,967	-	-
Consumer discretionary	7,259	7,259	-	-
Consumer staples	5,259	5,259	-	-
Energy	2,831	2,831	-	-
Financials	9,869	9,869	-	-
Health care	6,507	6,507	-	-
Information technology	13,789	13,789	-	-
Utilities	2,502	2,502	-	-
Real estate	2,566	2,566	-	-
Emerging market equities	3,979	3,979	-	-
Fixed income securities:		-		
U.S. treasury obligations	55,738	-	55,738	-
U.S. government agency bonds	18,979	-	18,979	-
Mortgage backed securities	1,696	-	1,696	-
Asset backed securities	2,352	-	2,352	-
Corporate, foreign and other obligations	24,752	-	24,752	-
	173,170	$ 69,653	$ 103,517	$ -
Investment pools (a):				
International equities	12,704			
Alternative investment fund	2,463			
Total investments	$ 188,337			
Charitable trusts	$ 15,133	$ -	$ -	$ 15,133
Money market funds	$ 5,211	$ 5,211	$ -	$ -
Financial liabilities:				
Interest rate swap contracts	$ 4,846	$ -	$ 4,846	$ -

For the years ended September 30, 2020 and 2019, the fair value hierarchy above includes money market funds of $6,094,000 and $5,211,000, 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, 2020 and 2019, were as follows (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Charitable Trusts	
	2020	2019
Beginning balance, October 1,	$ 15,133	$ 15,377
Distributions	(860)	(415)
Change in valuation	2,317	171
Ending balance, September 30,	$ 16,590	$ 15,133

CRS investments include investment pools. Information pertaining to these investments at September 30, 2020 and 2019, is as follows (in thousands):

	2020	2019	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
International equities	$ 14,302	$ 12,704	$ -	Monthly	10 days
Alternative investment funds	2,680	2,463	555	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, 2020 and 2019, CRS received $3,351,000 and $3,041,000, respectively, of new charitable gift annuities, earned net investment income of $1,090,000 and $1,269,000, respectively, and made contractual annuity payments of $4,736,000 and $4,956,000, respectively.

During the years ended September 30, 2020 and 2019, the pooled income fund made earnings distributions to participants of $50,000 and $38,000, 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 $2,206,000 and $25,000 for the years ended September 30, 2020 and 2019, respectively, are included in miscellaneous expense and investment income.

Note 8. Land, Building and Equipment

Land, building and equipment, at cost, at September 30, 2020 and 2019, are summarized as follows (in thousands):

	2020	2019
Land	$ 1,786	$ 1,786
Building and improvements	30,331	30,283
Furniture, equipment and vehicles	75,876	75,257
	107,993	107,326
Less accumulated depreciation	(67,568)	(62,976)
	$ 40,425	$ 44,350

Land, building and equipment includes restricted and grant assets of $4,209,000 and $4,406,000 at September 30, 2020 and 2019, respectively. Of these assets, $3,181,000 and $3,294,000 at September 30, 2020 and 2019, 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 8. Land, Building and Equipment (Continued)

CRS has operating lease commitments for its offices maintained throughout the world. These leases are generally renewable on an annual basis. CRS has also entered into operating leases in the United States for office space for periods ranging from two to six years for its U.S. operations. Rental expenses for the years ended September 30, 2020 and 2019, were $5,844,000 and $5,385,000, respectively.

Minimum annual lease payments on operating leases are as follows (in thousands):

Years ending September 30:		
2021	$	68
2022		63
2023		65
2024		69
2025		70
2026		73
	$	408

Note 9. Borrowings

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

Long-term debt at September 30, 2019, consisted of the following (in thousands):

		Principal		Unamortized Debt Issuance Costs		Net
Term-loan, due 2021	$	3,845	$	-	$	3,845
Tax-exempt variable rate demand bonds		19,555		140		19,415
Total	$	23,400	$	140	$	23,260

To finance the capital lease obligation (now ownership) for its headquarters building, CRS has an outstanding term loan with Bank of America with balances in the amounts of $2,829,000 and $3,845,000 at September 30, 2020 and 2019, respectively. The loan matures on May 1, 2021. Interest accrues, and is payable monthly, at a rate based on the one-month London Interbank Offered Rate (LIBOR) plus .35% per year (0.50% and 2.37% at September 30, 2020 and 2019, respectively).

Note 9. Borrowings (Continued)

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, 2020, was Aa2/VMIG 1.

The bond and term loan agreements contain certain financial and non-financial covenants, which were met for the years ended September 30, 2020 and 2019.

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, 2021.

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, 2020 and 2019, and the change in value is reflected as follows (in thousands):

	2020	2019
Beginning liability balance, October 1	$ 4,846	$ 2,742
Unrealized loss	951	2,104
Ending liability balance, September 30	$ 5,797	$ 4,846

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.

Future annual maturities on debt as of September 30, 2020, are as follows (in thousands):

Years ending September 30:	
2021	$ 22,829
2022	-
2023	135
2024	1,190
2025	1,235
2026-2036	16,995
	$ 42,384

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. As of September 30, 2020, CRS had an outstanding balance of $20,000,000. The line of credit was extended until June 15, 2021.

Note 10. Donated Agriculture, Other Commodities and Ocean Freight

Commodities and freight received in the years ended September 30, 2020 and 2019, consist of the following (in thousands):

	2020	2019
Agricultural commodities donated by USAID and USDA	$ 92,761	$ 60,220
Commodities and pharmaceuticals provided by the UN and other donors	47,319	106,251
Ocean freight provided by donors	45,390	43,781
Total donated agriculture, other commodities and ocean freight	$ 185,470	$ 210,252

Note 11. 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, 2020 and 2019, are as follows (in thousands):

	2020	2019
Dividends and interest	$ 1,458	$ 2,071
Realized and unrealized gain on investments	13,459	6,161
Investment management fees	(574)	(734)
	$ 14,343	$ 7,498

Note 12. 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, 2020 and 2019, paid $193,000 and $187,000, respectively, for retirees’ healthcare coverage. The expected contribution for the year ending September 30, 2021, is $226,000.

Note 12. 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, 2020 and 2019 (dollars in thousands):

	Pension Benefits		Post-Retirement Health	
	2020	2019	2020	2019
Change in projected benefit obligation:				
Benefit obligation at beginning of period	$ 114,760	$ 96,437	$ 3,313	$ 3,071
Interest cost	3,614	4,034	94	122
Plan participant contributions	-	-	58	54
Benefits and administrative expenses paid	(2,397)	(2,372)	(251)	(241)
Actuarial loss	8,552	16,661	333	307
Benefit obligation at end of period	124,529	114,760	3,547	3,313
Change in plan assets:				
Fair value of plan assets at beginning of period	73,489	72,184	-	-
Actual return on plan assets	6,568	2,677	-	-
Employer contributions	1,000	1,000	193	187
Plan participant contributions	-	-	58	54
Benefits and administrative expenses paid	(2,397)	(2,372)	(251)	(241)
Fair value of plan assets at end of period	78,660	73,489	-	-
Funded status at end of year	$ (45,869)	$ (41,271)	$ (3,547)	$ (3,313)
Amounts recognized in statement of financial position	$ (45,869)	$ (41,271)	$ (3,548)	$ (3,313)
Cumulative amounts recognized in non-operating revenue and expenses:				
Net loss (gain)	$ 32,963	$ 27,992	$ (128)	$ (470)
Accrued benefit cost	$ 32,963	$ 27,992	$ (128)	$ (470)
Components of net periodic benefit cost:				
Interest cost	$ 3,614	$ 4,034	$ 95	$ 122
Expected return on plan assets	(4,697)	(4,617)	-	-
Amortization of net loss (gain)	1,710	-	(9)	(33)
Total net periodic benefit cost	627	(583)	86	89
Other changes in plan assets and benefit obligations recognized in non-operating revenue:				
Net loss	6,681	18,602	333	306
Amortization of net (gain) loss	(1,709)	-	9	33
Total recognized in non-operating revenue	4,972	18,602	342	339
Total recognized in net periodic benefit cost and non-operating revenue	$ 5,599	$ 18,019	$ 428	$ 428
Weighted-average assumptions:				
Discount rate	2.73%	3.20%	2.29%	2.95%
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 12. 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 investment strategy has a target asset allocation policy as follows:

Asset class	Minimum	Target	Maximum
U.S. equities	31%	46%	61%
Fixed income	25%	35%	45%
International equities	9%	14%	19%
Emerging market equities	0%	5%	10%
Alternative investments	0%	0%	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, 2020 and 2019, are as follows (dollars in thousands):

	2020		2019	
	Amount	Percent	Amount	Percent
U.S. equities and equivalents	$ 40,143	51%	$ 35,863	49%
Fixed income	22,178	28	23,663	32
International equities and equivalents	14,142	18	12,841	17
Cash equivalents	2,197	3	1,122	2
	$ 78,660	100%	$ 73,489	100%

Note 12. 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	$ -	$ -

(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 12. Retirement Plans (Continued)

Pension plan assets as of September 30, 2019, which are not separately reflected in the consolidated statement of financial position, are invested as follows (in thousands):

Description	Total	Fair Value Measurements Using: 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	$ 992	$ 992	$ -	$ -
Industrials	3,815	3,815	-	-
Telecommunications	3,743	3,743	-	-
Consumer discretionary	3,916	3,916	-	-
Consumer staples	2,940	2,940	-	-
Energy	1,501	1,501	-	-
Financials	5,724	5,724	-	-
Health care	3,338	3,338	-	-
Information technology	7,052	7,052	-	-
Utilities	1,313	1,313	-	-
Real estate	1,529	1,529	-	-
Fixed income securities:				
U.S. treasury obligations	8,832	-	8,832	-
U.S. government agency bonds	5,611	-	5,611	-
Corporate and foreign bonds	9,220	-	9,220	-
	59,526	$ 35,863	$ 23,663	$ -
Investment pools (a):				
International equities	12,841			
Total investments	$ 72,367			
Money market funds	$ 1,122	$ 1,122	$ -	$ -

CRS investments include investment pools. Information pertaining to these investments at September 30, 2020 and 2019, is as follows (in thousands):

	2020	2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
International equities (long-term value and growth fund)	$ 14,142	$ 12,841	$ -	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 12. Retirement Plans (Continued)

The pension plan contribution for the year ending September 30, 2021, 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:		
2021	$	3,975
2022		3,998
2023		3,962
2024		3,964
2025		4,400
2026-2030		25,342

The healthcare inflation rate is assumed to be 7.05% in 2020. The health care cost trend rate for the year ended September 30, 2020, 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 $381,000 as of September 30, 2020, and would increase the aggregate of the service cost and interest cost components of net periodic post-retirement health benefit cost for 2020 by approximately $11,000. 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 $327,000 as of September 30, 2020, and would decrease the aggregate of the service cost and interest components of net periodic post-retirement health benefit cost for 2020 by approximately $9,000. 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:		
2021	$	226
2022		223
2023		220
2024		215
2025		215
2026-2030		1,000

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 $9,309,000 and $9,063,000 to these retirement plans for the years ended September 30, 2020 and 2019, respectively.

Note 13. 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 $10,533,000 and $8,285,000 for the years ended September 30, 2020 and 2019, respectively.

Note 14. Net Assets

Net assets at September 30, 2020 and 2019, are composed of the following (in thousands):

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Available for operations	$ 38,527	$ -	$ 23,654	$ -
Board-designated operating reserve	60,000	-	60,000	-
Net assets restricted for time or purpose:				
Private emergency funds	-	36,814	-	39,773
Charitable trust and life insurance policy	-	14,788	-	13,268
Pooled income fund	-	880	-	815
Agency strategy and other	-	13,045	-	7,423
Private emergency and other purpose restricted endowments	-	10,320	-	9,309
Undesignated endowments	-	6,787	-	6,351
Third-party trust endowment assets not subject to UPMIFA	-	2,688	-	2,685
Total net assets	$ 98,527	$ 85,322	$ 83,654	$ 79,624

Net assets were released for the following purposes during 2020 and 2019 (in thousands):

	2020	2019
Program restricted purposes met	$ 36,790	$ 39,994
Time restricted purposes met	1,333	856
	$ 38,123	$ 40,850

Note 15. 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 15. 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, 2020 and 2019.

Endowment Net Assets with Donor Restrictions
(In Thousands)

	2020	2019
Purpose-restricted endowment funds	$ 10,320	$ 9,309
Undesignated – other endowment funds	6,787	6,351
Total funds	$ 17,107	$ 15,660

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

	2020	2019
Endowment net assets, beginning of the year	$ 15,660	$ 15,632
Net investment income	2,143	1,052
Contributions	-	239
Endowment draw to operating	(696)	(1,263)
Endowment net assets, end of the year	$ 17,107	$ 15,660

Note 16. 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, 2020, the remaining minimum commitment is $15.9 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, 2020 and 2019, 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, 2020 and 2019. 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.

Uncertainties: On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, and quarantine in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. It is unknown how long these conditions will last and what the complete financial effect will be on CRS. The extent of the impact of COVID-19 on CRS's operations and financial performance are uncertain and cannot be predicted. In response to COVID-19, CRS adapted some of its programming and operational activities during the year, including implementing cost containment measures, delivering remote virtual training, and postponing some planned in-person activities. Management is continually monitoring the impact of COVID-19 on its operations.

Note 17. Liquidity and Availability of Financial Assets

The following reflects CRS's financial assets as of the statement 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 balance sheet 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) 2020	2019
Financial assets due within one year:		
Cash and cash equivalents	$ 74,045	$ 64,610
Accounts receivable, net	94,008	81,473
Investments	125,289	129,764
Less those unavailable for general expenditures within one year:		
Advances received for programs	(52,956)	(70,519)
Restricted by donor with time or purpose restrictions	(49,858)	(47,195)
Donor-restricted endowments	(17,107)	(15,660)
Board designations:		
Board-designated operating reserve	(60,000)	(60,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 113,421	$ 82,473

CRS's endowments 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 18. Conditional Promises to Give from Donors

CRS has conditional promises (mainly conditional grants) to give from grantors and donors of $792,744,000 and $915,836,000 as of September 30, 2020 and September 30, 2019, respectively. Future payments are contingent upon CRS carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant or contract.

Conditional promises to give from CRS grant donors consist of the following (in thousands):

	2020	2019
Cash grants from U.S. government	$ 489,733	$ 514,208
Donated commodities from U.S. government	53,891	46,876
Cash grants from other donors	228,580	332,778
Donated commodities and pharmaceuticals from other donors	20,540	21,974
	$ 792,744	$ 915,836