



COMPETITIVE  
ENTERPRISE  
INSTITUTE

## **Financial Statements**

**For the Year Ended September 30, 2020**

*(With Summarized Financial Information for the Year Ended September 30, 2019)*



**and  
Report Thereon**



**COMPETITIVE ENTERPRISE INSTITUTE**

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**For the Year Ended September 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Competitive Enterprise Institute

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Competitive Enterprise Institute (CEI), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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.

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### ***Opinion***

In our opinion, the 2020 financial statements referred to above present fairly, in all material respects, the financial position of Competitive Enterprise Institute as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited CEI's 2019 financial statements, and our report dated April 1, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
February 4, 2021

**COMPETITIVE ENTERPRISE INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2020**  
**(With Summarized Financial Information as of September 30, 2019)**

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,203,463	\$ 1,674,120
Investments	636,453	597,266
Pledges receivable	432,500	487,372
Other receivables	27,298	12,017
Prepaid expenses	304,451	202,402
Deposits and other assets	62,987	64,747
Property and equipment, net	813,424	863,350
<b>TOTAL ASSETS</b>	<b>\$ 4,480,576</b>	<b>\$ 3,901,274</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 71,007	\$ 90,495
Accrued salaries and benefits	207,088	149,137
Capital lease obligation	16,873	20,240
Deferred rent and lease incentives	1,867,852	1,958,945
<b>TOTAL LIABILITIES</b>	<b>2,162,820</b>	<b>2,218,817</b>
<b>Net Assets</b>		
Without donor restrictions	1,515,258	610,893
With donor restrictions	802,498	1,071,564
<b>TOTAL NET ASSETS</b>	<b>2,317,756</b>	<b>1,682,457</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,480,576</b>	<b>\$ 3,901,274</b>

The accompanying notes are an integral part of these financial statements.

**COMPETITIVE ENTERPRISE INSTITUTE**

**STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2020**

**(With Summarized Financial Information for the Year Ended September 30, 2019)**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 5,948,753	\$ 747,500	\$ 6,696,253	\$ 6,009,030
Special events	-	-	-	1,265,400
In-kind contributions	110,171	-	110,171	93,029
Court-awarded fees	6,108	-	6,108	81,000
Rental income	89,086	-	89,086	80,727
Investment income, net	12,326	-	12,326	10,405
Miscellaneous	1,547	-	1,547	75,403
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,016,566	(1,016,566)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>7,184,557</b>	<b>(269,066)</b>	<b>6,915,491</b>	<b>7,614,994</b>
<b>EXPENSES</b>				
Program Services:				
Communication	1,207,905	-	1,207,905	1,296,364
Center for Economic Freedom	841,015	-	841,015	710,787
Center for Energy and Environment	806,457	-	806,457	804,146
Center for Litigation	435,869	-	435,869	940,630
Center for Technology and Innovation	592,014	-	592,014	596,438
Other programs	1,055,666	-	1,055,666	977,667
Total Program Services	4,938,926	-	4,938,926	5,326,032
Supporting Services:				
General and administrative	447,612	-	447,612	404,340
Fundraising	893,654	-	893,654	815,468
Fundraising – cost of direct benefit to donors	-	-	-	163,620
Total Supporting Services	1,341,266	-	1,341,266	1,383,428
<b>TOTAL EXPENSES</b>	<b>6,280,192</b>	<b>-</b>	<b>6,280,192</b>	<b>6,709,460</b>
<b>CHANGE IN NET ASSETS</b>	<b>904,365</b>	<b>(269,066)</b>	<b>635,299</b>	<b>905,534</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>610,893</b>	<b>1,071,564</b>	<b>1,682,457</b>	<b>776,923</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,515,258</b>	<b>\$ 802,498</b>	<b>\$ 2,317,756</b>	<b>\$ 1,682,457</b>

The accompanying notes are an integral part of these financial statements.

**COMPETITIVE ENTERPRISE INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended September 30, 2020**  
**(With Summarized Financial Information for the Year Ended September 30, 2019)**

	Program Services						Supporting Services				2020 Total	2019 Total
	Communication	Center for Economic Freedom	Center for Energy and Environment	Center for Litigation	Center for Technology and Innovation	Other Programs	Total Program Services	General and Administrative	Fundraising	Total Supporting Services		
Salaries, benefits and payroll taxes	\$ 500,573	\$ 517,931	\$ 566,271	\$ 281,094	\$ 393,591	\$ 553,169	\$ 2,812,629	\$ 233,295	\$ 605,806	\$ 839,101	\$ 3,651,730	\$ 3,514,661
Professional services	77,424	142,941	77,222	59,712	60,040	157,844	575,183	111,989	37,363	149,352	724,535	572,650
Occupancy	109,934	109,934	89,576	40,716	77,361	114,006	541,527	24,430	109,934	134,364	675,891	667,112
Advertising	405,714	-	-	-	-	-	405,714	-	-	-	405,714	419,056
Travel and meetings	3,014	3,267	983	748	11,441	133,516	152,969	770	17,899	18,669	171,638	564,830
Depreciation and amortization	27,712	27,712	22,580	10,264	19,501	28,739	136,508	6,158	27,712	33,870	170,378	237,151
Supplies and office expense	54,748	8,095	6,548	3,379	5,679	10,821	89,270	12,070	34,033	46,103	135,373	199,246
Direct mail	8,869	15,831	24,803	9,714	11,813	18,864	89,894	10,878	28,739	39,617	129,511	102,622
Fees, dues and subscriptions	7,242	3,354	6,939	25,041	3,990	3,136	49,702	24,793	4,354	29,147	78,849	77,448
Insurance	7,448	7,448	6,069	2,758	5,241	7,729	36,693	1,655	7,453	9,108	45,801	43,725
Printing and postage	1,291	1,110	866	1,060	717	23,791	28,835	342	15,520	15,862	44,697	84,210
Bad debt	-	-	-	-	-	-	-	19,623	-	19,623	19,623	7,000
Telephone	2,111	1,941	3,418	845	1,618	2,311	12,244	927	3,286	4,213	16,457	13,780
Interest	1,098	1,098	894	407	773	1,138	5,408	244	1,098	1,342	6,750	8,202
Miscellaneous	727	353	288	131	249	602	2,350	180	457	637	2,987	9,517
Grant expense	-	-	-	-	-	-	-	258	-	258	258	188,250
<b>TOTAL EXPENSES</b>	<b>\$ 1,207,905</b>	<b>\$ 841,015</b>	<b>\$ 806,457</b>	<b>\$ 435,869</b>	<b>\$ 592,014</b>	<b>\$ 1,055,666</b>	<b>\$ 4,938,926</b>	<b>\$ 447,612</b>	<b>\$ 893,654</b>	<b>\$ 1,341,266</b>	<b>\$ 6,280,192</b>	<b>\$ 6,709,460</b>

The accompanying notes are an integral part of these financial statements.

**COMPETITIVE ENTERPRISE INSTITUTE**

**STATEMENT OF CASH FLOWS**

**For the Year Ended September 30, 2020**

**(With Summarized Financial Information for the Year Ended September 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 635,299	\$ 905,534
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized loss on investments	133	186
Loss on disposal of property and equipment	-	643
Depreciation and amortization	170,378	237,151
Amortization of deferred lease incentives	(109,424)	(109,424)
Proceeds from securities contributed without donor restrictions	(5,498)	(7,429)
Changes in assets and liabilities:		
Pledges receivable	54,872	(214,872)
Other receivables	(15,281)	78,380
Prepaid expenses	(102,049)	73,124
Deposits and other assets	1,760	8,105
Accounts payable and accrued expenses	(19,488)	(15,415)
Accrued salaries and benefits	57,951	(15,618)
Liability for loss on sublease	-	(35,581)
Deferred rent and lease incentives	18,331	24,318
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>686,984</u>	<u>929,102</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(120,452)	(4,827)
Purchase of investments	(462,748)	(10,687)
Sale of investments	428,926	47,327
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(154,274)</u>	<u>31,813</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on note payable	-	(11,003)
Principal payments on capital lease obligation	(3,367)	(2,364)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(3,367)</u>	<u>(13,367)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	529,343	947,548
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,674,120</u>	<u>726,572</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,203,463</u>	<u>\$ 1,674,120</u>

The accompanying notes are an integral part of these financial statements.



# COMPETITIVE ENTERPRISE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

The Competitive Enterprise Institute (CEI) was incorporated in the District of Columbia in 1984 as a nonprofit organization. CEI serves as a link between the academic community of free market scholars and the general public. CEI works to promote a better understanding of the values of a free society and the policies necessary for its survival by using policy analysis, public education and litigation. These activities are funded primarily through contributions and grants from individuals, corporations and foundations.

On October 1, 2015, CEI entered into an agreement with the Center for Class Action Fairness (CCAF) in which CCAF agreed to transfer to CEI all assets and liabilities. After the transfer, CCAF ceased operations as a separate entity and was integrated into the program activities of CEI. Effective January 31, 2019, CEI and CCAF entered into a separation agreement to transfer certain program activities to a new anticipated conservative public-interest litigation nonprofit organization named Hamilton Lincoln Law Institute.

#### **Cash Equivalents**

CEI considers all money market funds to be cash equivalents.

#### **Pledges Receivable**

All unconditional promises to give are expected to be collected within one to five years and are recorded as pledges receivable at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. CEI believes all pledges are fully collectible, and therefore does not have an allowance for uncollectible amounts.

#### **Investments**

Investments consist of insurance annuity contracts which are recorded in the accompanying financial statements at fair value. The change in unrealized appreciation or depreciation of investments is included in investment income in the accompanying statement of activities. Realized gains and losses on sales of investments are computed using an average cost method, recorded on the trade date of the transactions and included in net investment income in the accompanying statement of activities.

#### **Fair Value Measurement**

Applicable financial assets and liabilities measured at fair value on a recurring basis are categorized in the fair value hierarchy as follows:

*Level 1* – Valuation based on quoted prices in active markets for identical assets or liabilities as of the reporting date, without adjustment.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability, such as quoted prices for similarly structured securities in active markets.

# COMPETITIVE ENTERPRISE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Fair Value Measurement (continued)**

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the assets or liability.

As of September 30, 2020, only CEI’s investments, as described in Note 2 of these financial statements, were measured at fair value on a recurring basis.

#### **Property and Equipment and Related Depreciation and Amortization**

Property and equipment are stated at cost and are depreciated using the straight-line method over three to seven years, with no salvage value. Leasehold improvements are amortized over the shorter of the lease period or useful life of the improvements. Expenditures for major repairs and improvements over \$1,000 and an economic life in excess of one year are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses.

#### **Classification of Net Assets**

Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of CEI at the discretion of CEI’s management and the Board of Directors. Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of CEI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of September 30, 2020, CEI had no net assets with donor restrictions that are required to be maintained in perpetuity.

#### **Revenue Recognition**

Unconditional grants and contributions are reported as revenue in the year in which payments are received and/or unconditional promises to give are made. CEI reports gifts of cash and other assets that are received with donor stipulations limiting the use of the donated assets as net assets without donor restrictions if all such donor restrictions are met in the fiscal year in which the award is received. CEI reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Donated goods and services consisting principally of advertising are recorded as in-kind contributions at their estimated fair value as of the date of the donation.

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# COMPETITIVE ENTERPRISE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of CEI are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Occupancy, depreciation and other shared costs are allocated based on the number of employees working the related department. Costs that are part of the direct mail campaigns are allocated based on the line counts of the direct mail pieces.

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **New Accounting Pronouncement**

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. CEI adopted ASU 2014-09 and related amendments on October 1, 2019, using the modified retrospective method. The adoption of the standard did not impact CEI's results of operations or change in net assets.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, subject to other guidance, and determining whether a contribution is conditional. CEI adopted ASU 2018-08 on October 1, 2019, using the modified prospective basis and the adoption of the standard did not impact CEI's results of operations or change in net assets.

## COMPETITIVE ENTERPRISE INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

#### 2. Investments

The following table summarizes CEI's investments measured at fair value on a recurring basis as of September 30, 2020:

	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Insurance annuity contracts	<u>\$ 636,453</u>	<u>\$ -</u>	<u>\$ 636,453</u>	<u>\$ -</u>
Total Investments Carried at Fair Value	<u>\$ 636,453</u>	<u>\$ -</u>	<u>\$ 636,453</u>	<u>\$ -</u>

The insurance contracts are fixed annuities valued based upon published market valuation quotes for the underlying securities held by the annuities and have been classified as Level 2 by CEI.

#### 3. Property and Equipment

CEI's property and equipment consisted of the following as of September 30, 2020:

Leasehold improvements	\$ 983,556
Computers, website and equipment	548,023
Furniture	232,550
Leased equipment	<u>13,918</u>
Total Property and Equipment	1,778,047
Less: Accumulated Depreciation and Amortization	<u>(964,623)</u>
Property and Equipment, Net	<u>\$ 813,424</u>

Depreciation and amortization expense totaled \$170,378 for the year ended September 30, 2020.

#### 4. Commitments, Risks and Contingencies

##### **Concentration of Credit Risk**

The cash and cash equivalents of CEI are composed of amounts in accounts at various financial institutions. While the amounts, at times, exceed the amount guaranteed by federal agencies and, therefore, bear some risk, CEI has not experienced, nor does it anticipate, any loss of funds.

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# COMPETITIVE ENTERPRISE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

### 4. Commitments, Risks and Contingencies (continued)

#### **Global Pandemic**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. CEI has been able to continue most of its operations in a remote environment; however, at this point, the extent to which COVID-19 may impact CEI's financial condition or results of operations is uncertain. During the year ended September 30, 2020, CEI cancelled its annual dinner special event, and with donor approval reclassified the majority of the amount raised to grants and contributions without donor restrictions.

#### **Operating Leases**

In July 2016, CEI entered into a noncancelable operating lease for its current office space in Washington, D.C. The lease commenced August 1, 2016, and expires November 30, 2027. The lease includes a fixed escalation clause for increases in the annual minimum rent. CEI was also provided with a 16-month rental abatement and an allowance for tenant improvements of up to \$1,411,784, of which up to \$160,430 could either be used for leasehold improvements or applied to the rent balance. Of this amount, CEI used \$1,251,354 for various leasehold improvements and the remaining \$160,430 was applied as a credit against future rental payments.

Under GAAP, all fixed rent increases and lease incentives are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent and lease incentives in the accompanying statement of financial position.

Rent expense under this lease for the year ended September 30, 2020, was \$675,891.

As of September 30, 2020, total future minimum lease payments required and future minimum rentals to be received under each of these operating leases were as follows:

For the Years Ending <u>September 30,</u>	
2021	\$ 825,332
2022	858,969
2023	880,413
2024	902,472
2025	925,039
Thereafter	<u>2,085,483</u>
Total	<u>\$ 6,477,709</u>

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## COMPETITIVE ENTERPRISE INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

#### 5. Net Assets With Donor Restrictions

As of September 30, 2020, net assets with donor restrictions were restricted for the following purposes or period:

Center for Energy and Environment	\$ 497,169
Litigating Climate and Energy Issues	105,376
Center for Energy and Environment 2021 Events	71,121
Technology Policy	67,500
Technology Competition	31,249
Atlas Video Project	26,267
	<u>3,816</u>
Total Net Assets With Donor Restrictions	<u>\$ 802,498</u>

#### 6. Availability and Liquidity

CEI regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. CEI's financial assets available within one year of the statement of financial position date for general expenditures at September 30, 2020, were as follows:

Cash and cash equivalents	\$ 2,203,463
Pledges receivable	432,500
Other receivables	27,298
Investments	<u>636,453</u>
Total Financial Assets	3,299,714
Less:	
Amounts unavailable for general expenditures due to donor restrictions	<u>(802,498)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,497,216</u>

CEI has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of CEI throughout the year. This is done through monitoring and reviewing CEI's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of CEI's cash flow related to CEI's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in fixed income annuities. CEI can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

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## COMPETITIVE ENTERPRISE INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2020

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#### 7. Income Taxes

CEI has been classified as a public charity under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on income other than net unrelated business income. There was no provision for income tax for CEI for the year ended September 30, 2020, as CEI had no net taxable unrelated business income. CEI reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof, to identify any uncertainty in income taxes. For the year ended September 30, 2020, management did not identify any uncertainty in income taxes requiring recognition or disclosure in these financial statements. CEI's tax returns are subject to possible examination by the taxing authorities; however, no examinations are pending or in progress. For federal tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

#### 8. Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with CEI's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

#### 9. Subsequent Events

CEI's management has evaluated the effect of subsequent events on the financial statements through February 4, 2021, the date these financial statements were available to be issued. Except as described above, there were no subsequent events identified that require recognition or disclosure in these financial statements.