

**The American Institute for Contemporary  
German Studies at The  
Johns Hopkins University, Inc.**

**Financial Statements and  
Independent Auditor's Report**

**June 30, 2020 and 2019**

**The American Institute for Contemporary  
German Studies at The  
Johns Hopkins University, Inc.**

**Table of Contents**

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenditures	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 17
Independent Auditor's Report on Supplemental Information	19
Statement of Expenditures by Program	20

# *William A. Russ, CPA, PC*

## Independent Auditor's Report

To the Board of Directors  
The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, DC

I have audited the accompanying financial statements of The American Institute for Contemporary German Studies at The Johns Hopkins University, Inc., which comprise the Statement of Financial Position as of 30 June 2020 and the related Statements of Activities, Functional Expenditures, 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 free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Institute for Contemporary German Studies at The Johns Hopkins University, Inc., as of 30 June 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.

### ***Other Matters***

The prior year summarized comparative information has been derived from The American Institute for Contemporary German Studies at The Johns Hopkins University, Inc. 2019 financial statements and, in my report dated 12 October 2020, I expressed an unqualified opinion on those financial statements.



Gwynn Oak, Maryland  
29 March 2021

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University  
Washington, D.C.**

**Statements of Financial Position  
June 30, 2020 and 2019**

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents		
Undesignated	\$ 615,308	\$ 756,124
Board designated	173,798	173,312
Total cash and cash equivalents	789,106	929,436
Unrestricted pledges, less allowance for doubtful accounts of \$20,000 in both 2020 and 2019	267,799	240,021
Restricted grants and pledge receivables	494,531	608,335
Other receivables	20,610	148,494
Prepaid expenses and other assets	45,000	51,482
Right of use asset (current portion)	242,035	46,389
Total current assets	1,859,081	2,024,157
<b>Non-current</b>		
Furniture and equipment		
Cost	262,483	251,458
Less: accumulated depreciation	(169,051)	(251,458)
Net/book value of furniture and equipment	93,432	-
Bequest receivable	300,000	300,000
Investments, at fair value	2,778,007	2,873,136
Right of use asset (non-current portion)	2,556,545	2,798,580
	5,727,984	5,971,716
<b>Total assets</b>	7,587,065	7,995,873
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Johns Hopkins University overdraft		
Accounts payable	4,649	72,981
Deferred revenue	-	-
PPP Loan	141,575	-
Office rent obligation (current portion)	242,035	46,389
	388,259	119,370
<b>Non-Current Liabilities</b>		
Office rent obligation (non-current portion)	2,556,545	2,798,580
<b>Total liabilities</b>	2,944,804	2,917,950
<b>Net Assets</b>		
Without donor restriction:		
Undesignated	565,159	1,028,619
Board designated endowments	2,951,805	3,046,447
Total	3,516,964	4,075,066
With donor restrictions:		
Temporary restrictions	825,297	702,857
Permanent restrictions	300,000	300,000
Total	1,125,297	1,002,857
<b>Total net assets</b>	4,642,261	5,077,923
<b>Total liabilities and net assets</b>	\$ 7,587,065	\$ 7,995,873

The accompanying notes are an integral part of these financial statements.  
See independent auditor's report.

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University  
Washington, D.C.**

**Statements of Activities  
For The Years Ending June 30, 2020 and 2019**

	2020				2019
	Unrestricted	Donor Restricted	Donor Restricted (Permanent)	Total	Total
<b>Revenue</b>					
Contributions and grants	\$ 881,396	\$ 565,083	\$ -	\$ 1,446,479	\$ 1,345,024
Interest, dividends and realized gains	68,507	50,209	-	118,716	116,284
In-kind contributions	-	-	-	-	13,033
Other revenues	189	-	-	189	31,488
<b>Total revenues</b>	<b>950,092</b>	<b>615,292</b>	<b>-</b>	<b>1,565,384</b>	<b>1,505,829</b>
<b>Net assets released from restrictions:</b>					
Satisfaction of program restrictions	492,852	(492,852)	-	-	-
<b>Net revenues</b>	<b>1,442,944</b>	<b>122,440</b>	<b>-</b>	<b>1,565,384</b>	<b>1,505,829</b>
<b>Expenditures</b>					
Program expenditures	1,358,153	-	-	1,358,153	1,242,620
Management and general	219,617	-	-	219,617	604,920
Fund raising	328,146	-	-	328,146	384,836
<b>Total expenditures</b>	<b>1,905,916</b>	<b>-</b>	<b>-</b>	<b>1,905,916</b>	<b>2,232,376</b>
<b>Change in net assets from operations</b>	<b>(462,972)</b>	<b>122,440</b>	<b>-</b>	<b>(340,532)</b>	<b>(726,547)</b>
Unrealized gain (loss) on investments	(95,130)	-	-	(95,130)	(497)
<b>Change in net assets</b>	<b>(558,102)</b>	<b>122,440</b>	<b>-</b>	<b>(435,662)</b>	<b>(727,044)</b>
Net assets at beginning of year	4,075,066	702,857	300,000	5,077,923	5,804,967
<b>Net assets at end of year</b>	<b>\$ 3,516,964</b>	<b>\$ 825,297</b>	<b>\$ 300,000</b>	<b>\$ 4,642,261</b>	<b>\$ 5,077,923</b>

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**The American Institute for Contemporary German Studies  
at The Johns Hopkins University  
Washington, D.C.**

**Statement of Functional Expenditures  
For The Years Ended June 30, 2020 and 2019**

	2020				2019
	Program Services	Management & General	Fundraising	Total	Total (Summarized)
Salaries	\$ 687,468	\$ 4,341	\$ 66,423	\$ 758,232	\$ 878,559
Personnel benefits & payroll taxes	238,930	\$ 493	12,666	252,089	288,825
Books, subscriptions, reference	85	-	-	85	-
Donation return (prior year)	89,273	-	-	89,273	10,271
General office	1,962	16,887	253	19,102	14,073
Occupancy	93,279	43,195	-	136,474	275,002
Printing & copying	4,044	1,630	2,390	8,064	9,994
Telephone	1,020	11,237	393	12,650	16,794
Travel	134,104	14,094	10,328	158,526	238,844
Seminars/conferences/workshops	32,833	7,212	-	40,045	90,027
Award dinner/project development	1,226	932	213,758	215,916	232,967
Miscellaneous fees and staff development	344	11,073	-	11,417	10,986
Depreciation	-	9,967	-	9,967	13,033
General contractual services	20,234	62,624	21,935	104,793	31,093
Consultants/professional fees	-	15,123	-	15,123	10,019
Honoraria	50,000	20,809	-	70,809	21,884
Stipends	3,351	-	-	3,351	90,005
Bad debt expense	-	-	-	-	-
	<b>\$ 1,358,153</b>	<b>\$ 219,617</b>	<b>\$ 328,146</b>	<b>\$1,905,916</b>	<b>2,232,376</b>

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See independent auditor's report.

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University  
Washington, D.C.**

**Statements of Cash Flows  
For the Years Ended June 30, 2020 and 2019**

	2020	2019
<b><u>Cash flows from operating activities:</u></b>		
Increase (decrease) in net assets	\$ (435,662)	(681,560)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	9,967	-
Decrease (increase) in pledges receivable	(27,778)	113,630
Decrease (increase) in grants receivable	113,804	345,560
Decrease (increase) in other receivables	127,884	(6,498)
Decrease (increase) in prepaid expense	6,482	43,390
Increase (decrease) in accounts payable	(68,332)	(14,239)
Increase (decrease) in deferred revenue	-	(3,500)
Total	(273,635)	(203,217)
Changes to board designated endowment:		
Transfers to JHU board designated to endowment	-	-
Distributions from JHU board designated endowments	115,309	113,048
Total	115,309	113,048
Net cash provided (used) by operating activities	(158,326)	(90,169)
<b><u>Cash flows from financing activities:</u></b>		
Proceeds from PPP loan	141,575	-
<b><u>Cash flows from investing activities:</u></b>		
Investment in office furnishings	(103,398)	-
Realized and unrealized loss (gain) on investments	(20,181)	(112,555)
Net cash provided (used) by investing activities	(123,579)	(112,555)
Net increase (decrease) in cash	(140,330)	(202,724)
Cash and cash equivalents at beginning of year	929,436	1,132,160
Cash and cash equivalents at end of year	\$ 789,106	\$ 929,436

The accompanying notes are an integral part of these financial statements.  
See independent auditor's report.

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

**Note 1            Organization**

Located in Washington, D.C., the American Institute for Contemporary German Studies at The Johns Hopkins University, Inc. (Institute or AICGS) is an independent, non-profit public policy organization, which works in Germany and the United States to address current and emerging policy challenges. Founded in 1983, the Institute is affiliated with Johns Hopkins University (University). The Institute is governed by its own Board of Trustees, which includes prominent German and American leaders from the business, policy and academic communities. Through original analyses, dialogue, conferences, and other activities, AICGS is helping to sustain German-American and transatlantic cooperation in a new century. In 2007 an independent Institute called *AICGS e.V.* was established under the laws of the Federal Republic of Germany. This *eingetragener Verein* was established to allow German residents to make tax deductible donations to support the mission of the Institute.

**Note 2            Summary of Significant Accounting Policies**

- A. **Basis of Accounting:** The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

To insure the observance of limitations and restrictions placed on the use of resources available to the Institute, the accounts of the Institute are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and recording purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. All the Institute's financial transactions have been recorded as operating funds and are classified as either without donor restriction (with or without board designations) or with donor restrictions.

- Without donor restriction – These operating funds consists of funds received from special fund raisers, certain grants, contributions and income generated from investments. These funds carry no donor- imposed restrictions.
  - With donor restriction – These operating funds consist of funds received from contributors and grantors and designated for a specific purpose. Donor restricted assets cannot be expended until the terms of the conditions are fulfilled.
- B. **Recognition of Donor Restricted Grants, Contracts and Contributions:** The Institute reports grants, contracts and contributions of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of these donated assets. When a donor restriction expires, that is, when a stipulated time

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

restriction ends, incurs costs consistent with the donor's intent or the Institute otherwise fulfills the requirements of the gift, these "donor restricted" net assets are reclassified to "without donor restricted" net assets and reported in the statement of activities as net assets released from donor restrictions. Revenue, gains, and other support with donor restrictions are reported as increases in donor restricted net assets.

- C. **Recognition of Contributions Without Donor Restrictions:** The Institute reports gifts of cash and other assets as contributions or grants without donor restrictions if they are received without any donor stipulations that might limit the use of these donated assets. Revenue, gains, and other support without donor restrictions are reported as increases in net assets without donor restrictions.
- D. **Gifts of Property and Equipment:** The Institute reports gifts of property and equipment as unrestricted donor support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are all reported as support with donor restrictions. Absent explicit donor stipulations about how long these long-lived assets must be maintained or used, the Institute records acquisition of long-lived assets when they are placed in service.
- E. **Revenue and Expense Recognition:** Contribution revenue is recognized in the period it is received or pledged. Grant revenues without donor restriction are recorded and recognized when awarded. Grants and contract revenues that obligate the Institute to perform certain services are recognized in the period the associated obligation is fulfilled. Revenues from reimbursable type grants is recognized when the expenditure is incurred. Grant, contract and contribution revenues come either with or without donor restrictions and are classified as such on these financial statements.

Expenditures are recorded when incurred in accordance with the accrual basis of accounting. Expenses are reported as decreases in net assets without donor restriction.

- F. **Expense Classification and Allocation:** Expenditures are classified as "without donor restriction" when the associated cost was incurred in accordance with a donor's restrictions, at which time the net asset is released from restriction.

Expenditures are further classified as programmatic, i.e. directly supporting the Institute's "Programs," or supporting services, namely "Administration" and "Fundraising." The method used to allocate shared costs among the Institute's programs and supporting services is based on either 1) estimated employee time and effort spent or 2) use of office space as appropriate. The costs of providing Institute's program and other activities have been summarized on a functional basis in the statements of activities.

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

- G. **Donated Material:** The Institute reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are all reported as support with donor imposed restrictions. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.
- H. **Cash and Cash Equivalents:** Cash and cash equivalents consist of demand deposits with financial institutions and with the University. The University holds and disburses the Institute's funds in support of its normal operations. Net cash (overdraft) on deposit with the University on June 30, 2020 and 2019 was \$193,292 and \$397,985, respectively.
- I. **Investments:** Marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. See associated footnote on fair value of investments.
- J. **Property and Equipment:** Fixed assets are carried at cost or donated value less accumulated depreciation. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the year. Depreciation of fixed assets is computed using the straight line method over the estimated useful life with no salvage value at the end of that life.
- K. **Fair Value Measurements:** The Institute categorizes its assets measured at fair value into a three-level hierarchy based on the priority of inputs to the valuation method used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets valued at fair value are categorized based on the inputs to the valuation techniques as follows:

**Level 1** - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

**Level 2** - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

**Level 3** - Valuations derived from methods in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker traded transactions. The only assets or liabilities which are valued at fair value on a recurring basis consist of investments in equity securities and mutual funds.

- L. **Income Tax Status:** The financial statements do not include a provision for income taxes because the Institute is a tax-exempt Institute. Should that status be challenged in the future, the Institute's 2016, 2017 and 2018 tax years are open for examination by the IRS. The IRS has not classified the Institute as a private foundation.
- M. **Use of Estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates that were used.

**Note 3            Liquidity and Availability of Financial Assets**

The Institute wishes to maintain a certain level of liquid financial assets including cash, short-term investments and current accounts/grants receivable whose collection is reasonably certain. The Institute acknowledges it is desirable to have 12 months operating expenses held in reserve. Currently 12 months operating costs amount to approximately \$1,900,000.

None of the financial assets considered available for use are subject to donor or other outside contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. In addition, the Institute's Board has designated a portion of net assets invested in money market funds as an emergency reserve and available should unexpected circumstances create a need to liquidate and access these investments. These board designated reserves are not considered available to fund current operations.

The following reflects the Institute's financial assets as of June 30, 2020 that it considers available to fund current operations:

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

					As of June 30, 2020
		Cash and cash equivalents		\$	615,308
		Unrestricted pledges			267,799
		Restricted grants and pledges			494,531
		Other accounts receivable			20,610
		Available for current operations		\$	<u>1,398,248</u>

**Note 4 Donor Restricted Net Assets**

Donor restricted net assets available for the Institute's programs after June 30, 2020 and 2019 were as follows:

				2020	2019
					(Restated)
		Carl Siebel/AT&T Immigration & Integration		\$ 91,105	\$ 154,979
		Geoeconomics Program		64,976	71,842
		Geoeconomics Program - Allianz Speakers Series		18,621	-
		DAAD Fellowship		-	36,515
		Deutschlandjahr		-	41,403
		Goldman book project		19,630	-
		ERP The Next Generation Project		-	25,927
		ERP Social Divisions		234,210	-
		F.H. Langhammer Policy Initiatives		9,109	9,109
		Foreign & Security Policy		18,578	-
		Harry and Helen Gray Culture & Politics Program		77,348	37,321
		Other Programs/due from unrestricted fund		5,574	(13,037)
		Society, Culture & Politics Program		5,107	6,502
		Steven Muller New Initiatives Program		281,039	322,760
		The German Marshal Fund of the US Programs		-	3,493
		Thyssen: China Project		-	6,043
				<u>\$ 825,297</u>	<u>\$ 702,857</u>

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

**Note 5 Contributions and Grants**

Contributions and grants consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Unrestricted member and trustee contributions	\$ 61,345	\$ 49,252
Foundations	25,013	-
Government	10,000	-
Global Leadership Award Dinner revenues	785,038	1,126,301
Unrestricted contributions and support	881,396	1,175,553
Restricted member and trustee contributions	146,426	78,775
Foundations	25,000	-
Other restricted grants	393,657	90,696
Restricted contributions and support	565,083	169,471
Total contributions and support	<u>\$ 1,446,479</u>	<u>\$ 1,345,024</u>

**Note 6 Investments**

The Institute has invested its endowment funds into the University's Endowment Pool and in a money market fund at a bank. The Institute considers its investment in the JHU Endowment Fund as an investment available for sale. Contributions into the endowment pool, reinvested earnings and realized gains for the years ending on June 30, 2020 and 2019 are as follows:

	2020		
	Cost	Market	Accumulated Unrealized Gain (Loss)
Investment in JHU Endowment Fund			
Humanities endowment	\$ 640,200	1,183,541	\$ 543,341
Board designated endowment	1,380,167	1,594,466	214,299
Total invested in JHU endowment	<u>2,020,367</u>	<u>2,778,007</u>	<u>757,640</u>

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

	2019		
	Cost	Market	Accumulated Unrealized Gain (Loss)
Investment in JHU Endowment Fund			
Humanities endowment	\$ 640,200	\$ 909,100	\$ 268,900
Board designated endowment	1,380,167	1,964,036	583,869
Total invested in JHU endowment	<u>2,020,367</u>	<u>2,873,136</u>	<u>852,769</u>

**Note 7 Fair Value Measurement**

The Institute uses fair value measurement to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Institute measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies.

**Investment in JHU Endowment Fund and Commercial Money Market Account** - Shares in the JHU Endowment Pool are valued at the Institute’s proportional share of the pool’s investment in debt and equity securities. Such investments are classified within Level 1 of the valuation hierarchy.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2020 and 2019:

		Fair Value Measurements Using			Total
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Shares in JHU Endowment Pool:					
	2020	\$ -	\$ -	\$ 2,778,007	\$ 2,778,007
	2019	\$ -	\$ -	\$ 2,873,136	\$ 2,873,136

**Note 8 Lease Obligation**

The Institute signed a lease for office space at 1776 Massachusetts for a period of 9 years 7 months, commencing July 1<sup>st</sup> 2019 and extending to January 31, 2029. There is a 5 year renewal option after this initial lease term. The minimum base rent, interest and combined office rent obligation for the years ending June 30 will be as follows:

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

	Year Ending June 30,	Base Rent	Interest	Combined Rent Obligation
	2021	242,035	80,326	322,361
	2022	257,588	72,833	330,421
	2023	273,820	64,862	338,682
	2024	290,756	56,393	347,149
	2025	308,423	47,405	355,828
	Thereafter	1,425,958	88,562	1,514,520
				3,208,961
		Less: interest protion	410,381	(410,381)
		Lease payable as of June 30, 2020		2,798,580

**Note 9            Pension and Post-Retirement Benefit Plans**

The Institute participates in a multi-employer defined contributions pension plan of the University. The plan is available to substantially all employees. The Institute pays its portion of the cost of this plan through the fringe benefits charge it is assessed by the University. During the years ended June 30, 2020 and 2019, the Institute contributed \$252,089 and \$288,825, respectively into the University's fringe benefits pool. The retirement plan portion of the benefit plan contribution for the years ending June 30, 2020 and 2019 was \$61,683 and \$57,092, respectively.

**Note 10            Endowment**

The Institute's endowment was established to support the sustainability of the organization. The endowment consists of permanent donor-restricted bequest and unrestricted board designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including any funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of the Institute has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift measured on the date of the gift. This requirement applies to donor-restricted endowment funds absent any explicit donor stipulations to the contrary. Consequently, the Institute classifies permanently restricted net assets as:

- The original value of the initial bequest donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Institute's Board. In accordance with SPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

1. The duration and preservation of the fund
2. The mission of the Institute and the purpose of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Institute
7. The investment policies of the Institute

**Return Objectives and Risk Parameters**

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the program supported by the endowment. Toward this end the Institute has invested its endowment funds with the Johns Hopkins University endowment pool. The endowment assets are invested in a manner that is intended to produce results similar to the S&P 500 index while assuming a moderate level of investment risk.

**Spending Policy**

The Institute has a policy of appropriating for distribution each year all or a portion of the accumulated earnings and market value adjustments to the original investment during the current and prior years. These funds have been earmarked by the Board for humanities projects and general operations. The Board has deemed the principal (i.e. contributions) may not be appropriated for distribution. In establishing this policy, the Board considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Board expects the current spending policy will allow its endowment to retain the original fair value of the funds earmarked for this board designated endowment. Current distributions are charged to unrestricted funds in years where there are no temporarily restricted funds available for such purposes.

**Strategies Employed for Achieving Objectives**

The Institute relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Johns Hopkins University endowment pool, with whom the Institute has invested a portion of its endowment, targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

Changes in the Institute's endowment funds, including cash and investments, during the year ending June 30, 2020 and 2019 were as follows:

Year Ending June 30, 2020			
	Unrestricted	Permanently	
<b>Original Cost:</b>	Board Designated	Restricted	Total
Balance as of June 30, 2019:			
Original cost	2,020,367	300,000	2,320,367
Additional contributions	-	-	-
Balance as of June 30, 2020:			
Original cost	<u>\$ 2,020,367</u>	<u>\$ 300,000</u>	<u>\$ 2,320,367</u>
<b>Fair Market Value:</b>			
Balance as of June 30, 2019:	\$ 3,046,447	\$ 300,000	\$ 3,346,447
Additional contributions	-	-	-
Realized & unrealized gain (loss)	20,667	-	20,667
Disbursements for operations	(115,309)	-	(115,309)
Balance as of June 30, 2020			
Fair market value	<u>2,951,805</u>	<u>300,000</u>	<u>3,251,805</u>

Year Ending June 30, 2019			
	Unrestricted	Permanently	
<b>Original Cost:</b>	Board Designated	Restricted	Total
Balance as of June 30, 2018:			
Original cost	2,020,367	300,000	2,320,367
Additional contributions	-	-	-
Balance as of June 30, 2019:			
Original cost	<u>\$ 2,020,367</u>	<u>\$ 300,000</u>	<u>\$ 2,320,367</u>
<b>Fair Market Value:</b>			
Balance as of June 30, 2018			
Fair market value	3,046,044	300,000	3,346,044
Additional contributions	-	-	-
Realized & unrealized gain (loss)	113,451	-	113,451
Disbursements for operations	(113,048)	-	(113,048)
Balance as of June 30, 2019			
Fair market value	<u>\$ 3,046,447</u>	<u>\$ 300,000</u>	<u>\$ 3,346,447</u>

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

The Institute’s board designated and permanent endowments consisted of the following assets as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current assets		
Deposits with commercial banks	\$ 173,798	\$ 173,312
Non-current assets		
Invested in the JHU Endowment pool	2,778,007	2,873,136
Bequest receivable (permanently restricted)	300,000	300,000
	<u>3,078,007</u>	<u>3,173,136</u>
Total endowment funds	<u>\$ 3,251,805</u>	<u>\$ 3,346,448</u>

**Note 11      Related Parties**

The Institute relies on the University to provide various administrative services to it. The Institute’s assets, liabilities, revenues and expenditures are reported on the Annual Information Return (form 990) of the University. Up until June 30, 2019 the Institute subleased a portion of its office space to the University’s School of Nursing. The Institute also relies on a significant portion of its financial support from its Board of Trustees.

**Note 12      Subsequent Events and Covid-19 Outbreak**

Management evaluated subsequent events through March 29, 2021, the date the financial statements were available to be issued.

The Institute was liable to repay a government CARES Act Paycheck Protection Program (PPP) loan of \$141,575 as of June 30, 2020. The Institute plans to apply for forgiveness of this loan prior to June 30, 2021. The Institute expects the entire liability of \$141,575 will be forgiven.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

All companies and organizations in the United States has been affected by requirements and practices related to the COVID-19 pandemic and the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Institute’s financial condition, liquidity, and future results of operations. Management is actively monitoring the situation and its impact on its financial condition including liquidity, operations, donors, programs, and workforce.

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, D.C.**

**Notes to Financial Statements  
June 30, 2020 and 2019**

Given the daily evolution of the COVID-19 outbreak and the United States Federal Government's and District of Columbia's responses to curb its spread, management has evaluated the effects of the COVID-19 outbreak on the results of its operations, financial condition, and liquidity. The economic uncertainties are likely to negatively impact the Institute's investment in the University's endowment pool. However, management believes the Institute will be able to continue to pay its obligations in a timely manner.

**Note 13**      **Prior Year Restatement**

Prior year amounts have been restated as follows:

		Year Ending June 30, 2019		
		As Originally Stated	Change	Restated
<b>Statement of Activities</b>				
	Contributions and grants (Restd)	\$ 1,390,508	\$ (45,484)	\$ 1,345,024
<b>Statement of Financial Position</b>				
<b>Assets</b>				
	Restricted grants receivables	653,819	(45,484)	608,335
	Right of use assets	-	2,844,969	2,844,969
	All other assets	4,542,569	-	4,542,569
	<b>Total assets</b>	<b>5,196,388</b>	<b>2,799,485</b>	<b>7,995,873</b>
<b>Liabilities</b>				
	Office lease liability	-	2,844,969	2,844,969
	All other liabilities	72,981	-	72,981
	<b>Total liabilities</b>	<b>72,981</b>	<b>2,844,969</b>	<b>2,917,950</b>
<b>Net Assets</b>				
	Unrestricted	1,018,638	(45,484)	973,154
	All other net assets	4,104,769	-	4,104,769
	<b>Total net assets</b>	<b>5,123,407</b>	<b>(45,484)</b>	<b>5,077,923</b>
	<b>Total liabilities and net assets</b>	<b>\$ 5,196,388</b>	<b>\$ 2,799,485</b>	<b>\$ 7,995,873</b>

**The American Institute for Contemporary  
German Studies at The  
Johns Hopkins University, Inc.**

**Supplementary Information**

**June 30, 2020 and 2019**

*William A. Russ, CPA, PC*

Independent Auditor's Report on Supplementary Information

To the Board of Directors  
The American Institute for Contemporary German Studies  
at The Johns Hopkins University, Inc.  
Washington, DC

I have audited the financial statements of The American Institute for Contemporary German Studies at the Johns Hopkins University, Inc., as of and for the year ended 30 June 2020 and have issued my report thereon dated 29 March 2021 which contained unqualified opinions on those financial statements. My audits were performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Statement of Expenditures by Program is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Gwynn Oak, Maryland  
29 March 2021

**The American Institute for Contemporary German Studies  
at The Johns Hopkins University  
Washington, D.C.**

**Supplementary Statement of Expenditures by Program  
For The Years Ended June 30, 2020 and 2019**

	2020			2019
	Direct Costs	Shared Costs	Total	Total (Summarized)
Defense White Paper	\$ -	\$ -	\$ -	\$ 28,489
Allianz Speaker Series	14,398	31,660	46,058	25,720
DAAD Fellowships	36,928	74,079	111,007	276,547
Deutschlandjahr - Integration	41,403	39,539	80,942	46,799
Deutschlandjahr - Thirty Years Berlin Wall	5,003	46,924	51,927	-
ERP Social Divisions	90,519	62,969	153,488	-
ERP The Next Generation Project	24,279	12,899	37,178	132,575
Carl Siebel/AT&T Immigration & Integration Project	83,874	57,551	141,425	17,745
F.H. Langhammer Policy Initiatives	-	19,366	19,366	-
Foreign & Domestic Policy Studies Program	9,879	45,815	55,694	296,405
Geoeconomics Program	53,317	153,144	206,461	92,746
German Marshall Fund	28,805	45,182	73,987	38,646
Guido Goldman Book Project	45,947	36,818	82,765	32,274
Harry and Helen Gray Culture & Politics Program	9,100	27,644	36,744	64,225
Society, Culture & Politics Program	1,395	124,349	125,744	31,842
Steven Muller New Initiatives Fund	41,721	35,589	77,310	41,572
Thyssen Foundation China project	6,043	27,726	33,769	56,879
Visiting Fellowships	-	24,039	24,039	25,521
ERP Immigration and Integration Project	-	-	-	34,637
Shared program costs (net)	242	6	248	(2)
	<b>\$ 492,853</b>	<b>\$ 865,300</b>	<b>\$ 1,358,153</b>	<b>1,242,620</b>

See independent auditor's report on supplementary information.