

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

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

June 30, 2018 and 2017

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

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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 2018 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 that are 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 2018 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 Matter

The prior year summarized comparative information has been derived from The American Institute for Contemporary German Studies at The Johns Hopkins University, Inc. 2017 financial statements and, in my report dated 11 September 2017 I expressed an unqualified opinion on those financial statements.



Gwynn Oak, Maryland
10 May 2019

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

**Statements of Financial Position
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Assets		
Current		
Cash and cash equivalents	\$ 959,745	\$ 909,524
Pledge receivables, less allowance for doubtful accounts of \$20,000 in 2018 and \$20,000 in 2017	353,651	500,000
Grants receivable	999,379	930,619
Other receivables	441,996	441,268
Prepaid expenses and other assets	94,872	88,688
Total current assets	2,849,644	2,870,099
Non-current		
Furniture, equipment and leasehold improvements, less accumulated depreciation of \$225,392 in 2018 and \$225,392 in 2017	-	-
Investments, at fair value	3,046,044	2,957,726
	3,046,044	2,957,726
Total assets	5,895,688	5,827,825
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	87,221	29,832
Deferred revenue	3,500	26,732
	90,721	56,564
Net Assets		
Unrestricted - undesignated	1,164,901	1,290,538
Unrestricted - board designated endowments	3,046,044	2,957,726
Total unrestricted	4,210,944	4,248,264
Temporarily restricted	1,294,023	1,222,997
Permanently restricted	300,000	300,000
Total net assets	5,804,967	5,771,261
Total liabilities and net assets	\$ 5,895,688	\$ 5,827,825

See independent auditor's report.

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

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

**Statements of Activities
For The Years Ended June 30, 2018 and 2017 (summarized)**

	2018			Total	2017 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenue					
Contributions and grants	\$ 1,094,163	\$ 765,170	\$ -	\$ 1,859,333	\$ 2,475,338
Interest, dividends and realized gains	65,224	48,738	-	113,962	113,441
In-kind contributions	-	-	-	-	13,033
Other revenues	3,155	1,973	-	5,128	3,658
Total revenues	<u>1,162,542</u>	<u>815,881</u>	<u>-</u>	<u>1,978,423</u>	<u>2,605,470</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	444,855	(444,855)	-	-	-
Net revenues	<u>1,607,397</u>	<u>371,026</u>	<u>-</u>	<u>1,978,423</u>	<u>2,605,470</u>
Expenditures					
Program expenditures	1,414,059	-	-	1,414,059	1,371,744
Management and general	265,873	-	-	265,873	329,479
Fund raising	352,802	-	-	352,802	258,265
Total expenditures	<u>2,032,734</u>	<u>-</u>	<u>-</u>	<u>2,032,734</u>	<u>1,959,488</u>
Change in net assets from operations	<u>(425,337)</u>	<u>371,026</u>	<u>-</u>	<u>(54,311)</u>	<u>645,982</u>
Unrealized gain (loss) on investments	88,017	-	-	88,017	186,823
Change in net assets	<u>(337,320)</u>	<u>371,026</u>	<u>-</u>	<u>33,706</u>	<u>832,805</u>
Net assets at beginning of year	4,248,264	1,222,997	300,000	5,771,261	4,938,456
Net assets at end of year	<u>\$ 3,910,944</u>	<u>\$ 1,594,023</u>	<u>\$ 300,000</u>	<u>\$ 5,804,967</u>	<u>\$ 5,771,261</u>

See independent auditor's report.

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

**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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<u>Cash flows from operating activities:</u>		
Increase (decrease) in net assets	\$ 33,706	\$ 832,805
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	-	13,033
Decrease (increase) in pledges receivable	146,349	(230,026)
Decrease (increase) in grants receivable	(68,760)	147,620
Decrease (increase) in other receivables	(728)	4,200
Decrease (increase) in prepaid expense	(6,184)	2,630
Increase (decrease) in accounts payable	57,389	(893)
Increase (decrease) in deferred revenue	<u>(23,232)</u>	<u>(58,268)</u>
Total	138,539	711,101
Changes to board designated endowment:		
Transfers to designated to endowments	-	(25,000)
Interest earned on board designated endowment paid by bank	(299)	(177)
Distributions from JHU board designated endowments	<u>111,929</u>	<u>111,929</u>
Total	111,630	86,752
Net cash provided (used) by operating activities	<u>250,169</u>	<u>797,853</u>
<u>Cash flows from investing activities:</u>		
Investment in leasehold improvements	-	(13,033)
Realized and unrealized loss (gain) on investments	<u>(199,948)</u>	<u>(298,752)</u>
Net cash provided (used) by investing activities	<u>(199,948)</u>	<u>(311,785)</u>
Net increase (decrease) in cash	50,221	486,068
Cash and cash equivalents at beginning of year	909,524	423,456
Cash and cash equivalents at end of year	<u><u>\$ 959,745</u></u>	<u><u>\$ 909,524</u></u>

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

**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, 2018 and 2017 (summarized)**

	2018			Total 2017	
	Program Services	Management & General	Fundraising		Total
Salaries	\$ 589,136	\$ 40,310	\$ 146,650	\$ 776,096	\$ 679,960
Personnel benefits & payroll taxes	196,012	13,412	48,792	258,216	218,238
Books, subscriptions, reference	549			549	432
Equipment rental and maintenance				-	2,608
General office	10,738	3,422	309	14,469	16,173
Occupancy	208,422	56,139		264,561	320,434
Printing & copying	13,466	(2,365)	2,638	13,739	10,101
Telephone	119	13,712		13,831	12,520
Travel	191,652	29,379	6,618	227,649	205,055
Seminars/conferences/workshops	83,909	117	147	84,173	63,907
Award dinner/project development	971	1,724	147,648	150,343	128,879
Miscellaneous fees and staff development	765	8,141		8,906	5,375
Depreciation	-			-	13,033
General contractual services	43,220	94,214		137,434	145,109
Consultants/professional fees	3,500	7,668		11,168	46,056
Honoraria	29,300	-		29,300	14,758
Stipends	42,300	-		42,300	76,850
	<u>1,414,059</u>	<u>265,873</u>	<u>352,802</u>	<u>2,032,734</u>	<u>1,959,488</u>

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

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

**Notes to Financial Statements
June 30, 2018 and 2017**

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 association 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

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, 2018 and 2017 amounted to \$394,614 and \$476,130 respectively.

Fund Accounting

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 classified as either unrestricted or temporarily restricted.

The Institute reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unrestricted Funds

Operating funds that are not restricted by the donor are reported as revenue in the period received. Pledges, less an allowance for un-collectible amounts, are recorded as receivables in the period pledged.

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

**Notes to Financial Statements
June 30, 2018 and 2017**

Note 2 Organization and Summary of Significant Accounting Policies (Continued)

Temporarily Restricted Funds

Gifts of cash or other long-lived assets with explicit restrictions that specify how the assets are to be used are reported as temporarily restricted support. Absent explicit donor stipulations about how those 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.

Permanently Restricted Funds

Gifts of cash or other long-lived assets with explicit restrictions that specify that only income earned from the principal portion of the contribution are reported as permanently restricted support. The amount of the original gift may not be expended by the Institute. Permanently restricted net assets are reported separately on the Statement of Financial Position.

Board Designated Endowment

Unrestricted contributions have been designated by the Institute's Board of Directors as endowment funds. Donors have stipulated certain contributions be invested in this otherwise unrestricted endowment funds. Accordingly, additional contributions from donors have been invested into one of two board designated endowment funds.

A portion of the Institute's endowment funds have been invested in the Johns Hopkins University endowment pool with the remaining funds invested in a money market bank account. A portion of the endowment fund income and gains (realized and unrealized) have been designated to benefit the Institute's Harry & Helen Gray Culture & Politics Program with the remaining funds supporting general operations. The fair market value of the endowment funds invested at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Humanities program	1,224,280	1,186,780
Undesignated endowment	1,821,764	1,770,946
	<u>3,046,044</u>	<u>2,957,726</u>

An additional \$-0- and \$25,000 was designated by the Institute's Board of Directors as endowment funds during the years ending June 30, 2018 and 2017, respectively.

Equipment

Equipment has been stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are charged to earnings as incurred. Leasehold improvements are capitalized. When assets are sold, retired, or otherwise disposed of, the applicable costs and allowances are removed from the accounts and the resulting gain or loss is recognized. Depreciation expense was \$-0- and \$13,033 for the years ending June 30, 2018 and 2017, respectively.

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

**Notes to Financial Statements
June 30, 2018 and 2017**

Note 2 Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the 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 disclose of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Direct and Shared Costs

Direct costs consist of costs incurred that are readily identifiable to a program objective. Shared costs include costs that are not readily identifiable to a specific program objective but consist of elements attributable to achieving more than one program objective or to the overall programmatic mission of the Institute. Significant shared costs include expenditures associated with occupancy and salaries. Shared occupancy costs are allocated to the Institute's programs proportionally by square footage of space utilized. Shared salary costs are allocated to the Institute's programs based on estimates of time and effort reported by employees.

Comparative Amounts

The amounts shown for 2017 in the accompanying statement of activities were derived from the Institute's financial statements for that fiscal year and are included to provide a basis for comparison with 2018. They do not include all of the information necessary for a fair presentation of the 2017 activities in conformity with generally accepted accounting principles.

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 technique 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

Level 3 - Valuations derived from valuation techniques 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.

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

**Notes to Financial Statements
June 30, 2018 and 2017**

Note 3 Temporarily Restricted Net Assets

Temporarily restricted net assets available for the Institute's programs after June 30, 2018 and 2017 are as follows:

	2018	2017
Arconic Workforce Project	\$ -	\$ 4,076
Geoeconomics Program	110,352	100,361
DAAD Fellowship	213,618	63,242
ERP Immigration and Integration Project	116,308	106,243
ERP The Next Generation Project	102,292	228,449
F.H. Langhammer Policy Initiatives	126,045	200,945
Foreign & Domestic Policy Studies Program	271,053	167,071
Harry and Helen Gray Culture & Politics Program	22,247	15,426
Other Programs	(13,368)	4,382
Steven Muller New Initiatives Program	320,969	295,794
The German Marshal Fund of the US Programs	998	7,008
Thyssen: China Project	23,509	30,000
	<u>\$ 1,294,023</u>	<u>\$ 1,222,997</u>

Note 4 Contributions and Grants

Contributions and grants consist of the following as of June 30, 2018 and 2017 were as follows:

	2018	2017
Unrestricted member and trustee contributions	\$ 278,260	\$ 636,571
Global Leadership Award Dinner revenues	814,471	1,146,422
Unrestricted contributions and support	<u>1,092,731</u>	<u>1,782,993</u>
Restricted member and trustee contributions	489,830	618,753
Other restricted grants	276,772	73,850
Restricted contributions and support	<u>766,602</u>	<u>692,603</u>
Total contributions and support	<u>\$ 1,859,333</u>	<u>\$ 2,475,596</u>

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

**Notes to Financial Statements
June 30, 2018 and 2017**

Note 5 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, 2017 and 2016 are as follows:

	2018		
			Accumulated
			Unrealized
	Cost	Market	Gain (Loss)
Investment in JHU Endowment Fund			
Humanities endowment	\$ 640,200	\$ 1,224,280	\$ 584,080
Board designated endowment	1,380,167	1,649,350	269,183
Total invested in JHU endowment	2,020,367	2,873,630	853,263
Invested in Financial Institutions			
Money market funds	172,414	172,414	-
	<u>\$ 2,192,781</u>	<u>\$ 3,046,044</u>	<u>\$ 1,706,526</u>
	2017		
			Accumulated
			Unrealized
	Cost	Market	Gain (Loss)
Investment in JHU Endowment Fund			
Humanities endowment	\$ 640,200	\$ 1,186,780	\$ 546,580
Board designated endowment	1,380,167	1,598,830	218,663
Total invested in JHU endowment	2,020,367	2,785,610	765,243
Invested in Financial Institutions			
Money market funds	172,116	172,116	-
	<u>\$ 2,192,483</u>	<u>\$ 2,957,726</u>	<u>\$ 1,530,486</u>

Note 6 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 American Institute for Contemporary German Studies
at The Johns Hopkins University, Inc.
Washington, D.C.**

**Notes to Financial Statements
June 30, 2018 and 2017**

Note 6 Fair Value Measurement (continued)

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2018:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Shares in JHU				
Endowment Pool	\$ -	\$ -	\$ 2,873,630	\$ 2,873,630
Deposits at commercial banks	172,414	-	-	172,414
Total	\$ 172,414	\$ -	\$ 2,873,630	\$ 3,046,044

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2017:

	Active Markets for	Observable	Unobservable	Total
	Identical Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)	
Shares in JHU				
Endowment Pool	\$ -	\$ -	\$ 2,785,610	\$ 2,785,610
Deposits at commercial banks	172,116	-	-	172,116
Total	\$ 172,116	\$ -	\$ 2,785,610	\$ 2,957,726

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

**Notes to Financial Statements
June 30, 2018 and 2017**

Note 7 Lease Obligation

The University has entered into a lease of the office space used by the Institute at 1755 Massachusetts Avenue, NW, in Washington, D.C. The Institute reimburses the University for its use of this space. The non-renewable lease period extends to March 31, 2019, subsequently extended to June 30, 2018 and is classified as an operating lease. Rent expense was \$264,561 and \$320,434 for the years ended June 30, 2018 and 2017, respectively. The Institute's minimum lease obligation for years ending on June 30 are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 274,181

Note 8 Tax Status

The financial statements do not include a provision for income taxes because the Institute is a tax-exempt organization. Should that status be challenged in the future, the Institute's 2014, 2015 and 2016 tax years are open for examination by the IRS. The IRS has not classified the Institute as a private foundation.

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, 2018 and 2017, the Institute contributed \$258,216 and \$218,238 into the University's fringe benefits pool, respectively. The retirement plan portion of the benefit plan contribution was \$68,765 and \$53,956 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.

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**Notes to Financial Statements
June 30, 2018 and 2017**

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:

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 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
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Washington, D.C.**

**Notes to Financial Statements
June 30, 2018 and 2017**

Endowment Net Asset Composition by type of fund as of June 30, 2018 and 2017 were as follows:

	Unrestricted Board Designated	Permanently Restricted	Total
Original Cost:			
Balance as of June 30, 2016:			
Original cost	\$ 2,471,938	\$ 300,000	\$ 2,771,938
Additional contributions	25,000	-	25,000
Balance as of June 30, 2017:			
Original cost	2,496,938	300,000	2,796,938
Additional contributions	-	-	-
Balance as of June 30, 2018:			
Original cost	\$ 2,496,938	\$ 300,000	\$ 2,796,938
Fair Market Value:			
Balance as of June 30, 2016:	\$ 2,746,202	\$ 300,000	\$ 3,046,202
Additional contributions	25,000	-	25,000
Realized & unrealized gain (loss)	298,453	-	298,453
Disbursements for operations	-111,929	-	(111,929)
Balance as of June 30, 2017			
Fair market value	2,957,726	300,000	3,257,726
Additional contributions	299	-	299
Realized & unrealized gain (loss)	199,948	-	199,948
Disbursements for operations	-111,929	-	(111,929)
Balance as of June 30, 2018			
Fair market value	\$ 3,046,044	\$ 300,000	\$ 3,346,044

Note 11 Sublease

The Institute has subleased a portion of its office space to the Johns Hopkins University School of Nursing, a related party. The lease commenced on July 1, 2017 and extends to March 31, 2019, the day the Institutes' own lease for this office space expires. Future minimum rental income from this operating lease is as follows:

	Rental Income
2019	\$ 44,369

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

**Notes to Financial Statements
June 30, 2018 and 2017**

Note 12 Subsequent Events

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

			Base Rent		
		2020	\$ 314,500		
		2021	322,363		
		2022	330,422		
		2023	338,682		
		2024	347,149		
		Thereafter	1,870,348		

The Institute also extended its lease of office space located at 1755 Massachusetts Avenue for a 3 month period, March 31, 2019 to June 30, 2019. The minimum base rent for this 3 month period is \$85,602.

Management evaluated subsequent events through May 10, 2019, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2018, but prior to May 10, 2019, that provided additional evidence about conditions that existed at June 30, 2018, have been recognized in the financial statements for the year ended June 30, 2018. Events or transactions that provided evidence about conditions that did not exist at June 30, 2018 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2018.

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

Supplementary Information

June 30, 2018 and 2017

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 years ended 30 June 2018 and 2017, and have issued my report thereon dated 10 May 2019 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
10 May 2019

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

**Statement of Expenditures by Program
For The Years Ended June 30, 2018 and 2017 (summarized)**

	2018		2017	
	Direct Costs	Shared Costs	Total Charged to Programs	Total Charged to Programs
Arconic Workforce Project	\$ 4,076	\$ 20,982	\$ 25,058	\$ 60,699
Bosch Workforce Project	-	-	-	53,165
Geoeconomics Program	61,264	42,834	104,098	114,369
DAAD Fellowships 2013 - 2017	70,142	74,502	144,644	194,020
Defense White Paper Project	-	-	-	39,746
ERP Immigration and Integration Project	106,964	78,734	185,698	176,974
ERP The Next Generation Project	108,557	81,946	190,503	193,631
F.H. Langhammer Policy Initiatives	74,815	21,817	96,632	25,354
Fritz Thyssen China Project	6,491	44,540	51,031	58,249
German Marshall Fund	31,010	22,624	53,634	47,029
Harry and Helen Gray Culture & Politics Program	40,866	48,760	89,626	109,930
Foreign & Domestic Policy Studies Program	216,532	76,082	292,614	165,492
Society, Culture & Politics Program	9,925	32,242	42,167	33,057
Steven Muller New Initiatives Fund	74,825	27,669	102,494	75,639
Shared program costs (net)	9,326	-	9,326	190
Visiting Fellowships	615	25,921	26,536	24,200
	<u>815,408</u>	<u>598,652</u>	<u>1,414,059</u>	<u>1,371,744</u>

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