

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

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

June 30, 2022 and 2021

**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

Opinion

I have audited the accompanying financial statements of The American Institute for Contemporary German Studies at the Johns Hopkins University, Inc. (a nonprofit organization), which comprise the statement of financial position as of 30 June 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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 2022, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The American Institute for Contemporary German Studies at the Johns Hopkins University, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The American Institute for Contemporary German Studies at the Johns Hopkins University, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Institute for Contemporary German Studies at the Johns Hopkins University, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The American Institute for Contemporary German Studies at the Johns Hopkins University, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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. 2021 financial statements and, in my report dated 20 December 2021, I expressed an unqualified opinion on those financial statements. The prior year restatement described in Note 14 does not modify my opinion on the prior year financial statements.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statement of expenditures by program is presented for 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.



William A. Russ, CPA, PC

Gwynn Oak, Maryland

11 January 2023

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

**Statements of Financial Position
June 30, 2022 and 2021**

	2022	2021 (Restated)
Assets		
Current		
Cash and cash equivalents		
Undesignated	\$ 370,341	\$ 724,210
Board designated	74,000	173,893
Total cash and cash equivalents	444,341	898,103
Unrestricted pledges, less allowance for doubtful accounts of \$20,000 in both 2022 and 2021	172,000	80,500
Restricted grants and pledge receivables	97,990	206,081
Restricted grants receivable	-	-
Other receivables	143,139	143,035
Prepaid expenses and other assets	8,472	71,338
Total current assets	865,942	1,399,057
Non-current		
Furniture and equipment		
Cost	262,483	262,483
Less: accumulated depreciation	(189,731)	(179,391)
Net/book value of furniture and equipment	72,752	83,092
Endowment - bequest receivable	300,000	300,000
Endowment - Invested in JHU Endowment	3,197,473	3,679,998
Right of use asset	2,298,958	2,556,546
Total non-current assets	5,869,183	6,619,636
Total assets	6,735,125	8,018,693
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	83,781	13,104
Deferred revenue	19,634	49,671
PPP Loan	-	172,387
Office rent obligation (current portion)	273,821	257,589
	377,236	492,751
Non-Current Liabilities		
Office rent obligation (non-current portion)	2,025,137	2,298,957
Total liabilities	2,402,373	2,791,708
Net Assets		
Without donor restriction:		
Undesignated	692,863	978,865
Board designated endowments	3,271,473	3,853,891
Total	3,964,336	4,832,756
With donor restrictions:		
Purpose restrictions	68,416	94,229
Restricted in perpetuity	300,000	300,000
Total	368,416	394,229
Total net assets	4,332,752	5,226,985
Total liabilities and net assets	\$ 6,735,125	\$8,018,693

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, 2022 and 2021**

	2022			2021	
	Unrestricted	Donor Restricted		Total	(Summarized, Restated) Total
		(Purpose)	(Perpetuity)		
Revenue					
Contributions and grants	\$ 883,615	\$ 232,591	\$ -	\$ 1,116,206	\$ 1,394,089
Government pandemic assistance	172,387	-	-	172,387	141,575
Interest, dividends and realized gains	140,178	-	-	140,178	119,024
Other revenues	10	-	-	10	14
Total revenues	1,196,190	232,591	-	1,428,781	1,654,702
Net assets released from restrictions:					
Satisfaction of program restrictions	258,404	(258,404)	-	-	-
Total revenues	1,454,594	(25,813)	-	1,428,781	1,654,702
Expenditures					
Program expenditures	1,355,305	-	-	1,355,305	947,848
Management and general	287,422	-	-	287,422	376,852
Fund raising	197,763	-	-	197,763	73,274
Total expenditures	1,840,490	-	-	1,840,490	1,397,974
Change in net assets from operations	(385,896)	(25,813)	-	(411,709)	256,728
Unrealized gain (loss) on investments	(482,524)	-	-	(482,524)	901,992
Change in net assets	(868,420)	(25,813)	-	(894,233)	1,158,720
Net assets at beginning of year	4,832,756	94,229	300,000	5,226,985	4,068,265
Net assets at end of year	\$ 3,964,336	\$ 68,416	\$ 300,000	\$ 4,332,752	\$ 5,226,985

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.**

**Statement of Functional Expenditures
For The Years Ended June 30, 2022 and 2021**

	2022				2021
	Program Services	Management & General	Fundraising	Total	Total (Summarized)
Salaries	\$ 591,963	\$ 58,968	\$ 54,706	\$ 705,637	\$ 707,800
Personnel benefits & payroll taxes	201,266	\$ 30,059	21,074	252,398	247,327
Donation return	11,441	-	-	11,441	25,094
General office	3,532	1,276	200	5,008	3,482
Occupancy	287,464	38,338	-	325,802	319,695
Printing & copying	904	(2,549)	1,334	(311)	-
Telephone	2,751	22,415	-	25,166	22,004
Travel	129,287	5,163	4,326	138,776	(8,652)
Seminars/conferences/workshops	9,605	-	-	9,605	-
Award dinner/project development	44	-	100,403	100,447	54
Miscellaneous fees and staff development	3,252	4,256	-	7,508	9,636
Depreciation		10,340	-	10,340	10,340
General contractual services	3,476	96,054	15,720	115,250	1,186
Consultants/professional fees		26,055	-	26,055	27,085
Honoraria	28,500	-	-	28,500	17,600
Stipends	77,973	894	-	78,867	15,323
Overhead cost transfers	3,847	(3,847)	-	-	-
	\$ 1,355,305	\$ 287,422	\$ 197,763	\$1,840,490	1,397,974

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 Cash Flows
For the Years Ended June 30, 2022 and 2021**

	2022	2021
		(Restated)
<u>Cash flows from operating activities:</u>		
Increase (decrease) in net assets	\$ (894,233)	1,158,720
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	10,340	10,340
Decrease (increase) in unrestricted pledges receivable	(91,500)	49,521
Decrease (increase) in restricted pledges receivable	108,091	119,650
Decrease (increase) in grants receivable	-	(2,555)
Decrease (increase) in other receivables	(104)	15,762
Decrease (increase) in prepaid expense	62,866	(26,338)
Increase (decrease) in accounts payable	70,678	8,454
Increase (decrease) in deferred revenue	(30,037)	(353,378)
Decrease (increase) in unrealized gains on investments	361,380	(1,019,607)
Total	(402,519)	(39,431)
Changes in financing: board designated endowment:		
Distributions from JHU board designated endowments	121,144	117,616
Total	121,144	117,616
Net cash provided (used) by operating activities	(281,375)	78,185
<u>Cash flows from financing activities:</u>		
Increase in PPP loan liability	-	30,812
PPP Loan forgiveness	(172,387)	-
Net increase (decrease) in cash	(453,762)	108,997
Cash and cash equivalents at beginning of year	898,103	789,106
Cash and cash equivalents at end of year	\$ 444,341	\$ 898,103

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, 2022 and 2021**

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), a related party. 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 charitable association called the *Förderkreis des American Institute for Contemporary German Studies (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. The *eingetragener Verein* is a related party.

Note 2 Summary of Significant Accounting Policies

- A. The financial statements of the Institute have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). Accruals reflect all significant receivables, prepayments, payables and other liabilities. GAAP requires the Institute to report information regarding its financial position and activities according to the following net asset classifications:
- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Institute's management and the board of directors.
 - Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Institute or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

B. Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of the Institute's programs and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

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

**Notes to Financial Statements
June 30, 2022 and 2021**

C. Recognition of Donor Restricted Grants, Contracts and Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

A portion of the Institute's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Advance payments on these grants total \$19,634 and \$295,678 as of June 30, 2022 and 2021, respectively. These amounts have been recorded as deferred revenue on the statement of financial position.

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. Expense Recognition, Classification and Allocation

Expenditures are recognized when incurred. 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. Cost of providing Institute's programs and other activities are summarized on the Statement of Functional Expenses.

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

**Notes to Financial Statements
June 30, 2022 and 2021**

F. Donated Materials

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.

G. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with financial institutions and with the University. The University, a related party, holds and disburses the Institute's funds in support of its normal operations. Net cash (overdraft) on deposit with the University on June 30, 2022 and 2021 was \$147,384 and \$482,750, respectively.

H. Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Investment return/(loss) is reported net in the statements of activities and consists of realized and unrealized gains and losses, less external and direct internal investment expenses. Interest and dividends and investment return are reflected in the statements of activities as income without donor restrictions or income with donor restrictions based upon the existence and nature of any donor restrictions. Interest and dividends and investment return that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the interest and dividends and investment return are recognized.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

I. 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. The Institute capitalizes and depreciates assets with costs in excess of \$5,000. Depreciation of fixed assets is computed using the straight line method over the estimated useful life, 5 to 10 years, of each asset with no salvage value at the end of that life.

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

**Notes to Financial Statements
June 30, 2022 and 2021**

J. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Institute groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Unadjusted quoted market prices for identical assets in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data. Equity funds, stock index funds, bond funds, and bond index funds are valued at the closing quoted price in an active market. Cash and cash equivalents held within the investment portfolio are carried at cost.

K. Income Tax Status

The Institute is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Institute has processes in place to ensure the maintenance of its tax-exempt status including the identification and reporting of unrelated income; to determine its filing and tax obligations in jurisdictions for which it may be subject to tax and to identify and evaluate other matters that may be considered uncertain tax positions. The Institute is not classified as a private foundation.

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

**Notes to Financial Statements
June 30, 2022 and 2021**

L. 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.

M. Reclassification of Prior Year

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

N. Prior Year Comparative Information

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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, exclusive of reimbursable program costs, is estimated to be \$1,840,490.

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 without approval from the Board. These reserves are reported as *Cash – Board Designated* and *Endowment – Invested in JHU Endowment* on the Statement of Financial Position.

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

**Notes to Financial Statements
June 30, 2022 and 2021**

The following reflects the Institute's financial assets as of June 30, 2022 that it considers available to fund current operations:

				As of June 30, 2022
		Cash and cash equivalents, undesignated	\$	370,341
		Unrestricted pledges		172,000
		Other accounts receivable		143,139
		Available for current operations	<u>\$</u>	<u>685,480</u>

Note 4 Donor Restricted Net Assets

Donor restricted net assets available for the Institute's programs after June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
ERP Social Divisions	68,201	68,201
ERP Next Generation	-	26,028
Visiting fellows	215	-
Total	<u>\$ 68,416</u>	<u>\$ 94,229</u>

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

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 5 Contributions and Grants

Contributions and grants consisted of the following as of June 30, 2022 and 2021:

	2022 Contributions and Grants			2021
	Donor Restricted	Without Restriction	Combined	Total
Program Revenues				(Summarized)
Foundations	\$ 279,417	\$ 35,828	\$ 315,245	\$ 547,140
Government	87,934	-	87,934	88,399
Supporters	-	1,615	1,615	-
Trustees	-	88,121	88,121	-
Miscellaneous	-	5,290	5,290	-
	<u>367,351</u>	<u>130,854</u>	<u>498,205</u>	<u>635,539</u>
Non-Program Revenues				
GLAD event				
Supporters	-	224,958	224,958	-
Trustees	-	285,881	285,881	-
Total GLAD event	-	510,839	510,839	-
Supporters	-	16,401	16,401	229,740
Trustees	-	90,761	90,761	528,770
	-	618,001	618,001	758,510
Total	\$ 367,351	\$ 748,855	\$ 1,116,206	\$ 1,394,049

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, 2022 and 2021 are as follows:

	2022		Accumulated Unrealized Gain (Loss)
	Cost	Market	
Investment in JHU Endowment Fund			
Humanities endowment	\$ 640,200	1,362,250	\$ 722,050
Board designated endowment	1,380,167	1,835,223	455,056
Total invested in JHU endowment	<u>2,020,367</u>	<u>3,197,473</u>	<u>1,177,106</u>

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

**Notes to Financial Statements
June 30, 2022 and 2021**

Investments for years ending June 30 (continued)

	2021		
	Cost	Market	Accumulated Unrealized Gain (Loss)
Investment in JHU Endowment Fund			
Humanities endowment	\$ 640,200	1,567,825	\$ 927,625
Board designated endowment	1,380,167	2,112,173	732,006
Total invested in JHU endowment	<u>2,020,367</u>	<u>3,679,998</u>	<u>1,659,631</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 3 of the valuation hierarchy.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2022 and 2021:

	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)	Significant	
Shares in JHU Endowment Pool:					
2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,197,473</u>	<u>\$ 3,197,473</u>	
2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,679,998</u>	<u>\$ 3,679,998</u>	

**The American Institute for Contemporary German Studies
at The Johns Hopkins University, Inc.
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**Notes to Financial Statements
June 30, 2022 and 2021**

Note 8 Deferred Revenues

Outside organizations have pledged donor restricted grants to the Institute. Grant funds received in advanced of the Institute fulfilling the conditions of the grant have been recorded as deferred revenues. Proceeds from these grants will be recognized as revenues after the conditions of the grant have been fulfilled.

Deferred revenues as of June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
		(Restated)
DAAD Fellowship	\$ -	\$ 15,244
F.H. Langhammer Policy Initiatives	-	9,109
Halle Foundation Internship Program	17,634	-
Thyssen Foundation China Project	-	12,458
U.S. Embassy Berlin	2,000	12,860
	<u>\$ 19,634</u>	<u>\$ 49,671</u>

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

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 9 Lease Obligation

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 obligation for the years ending June 30 will be as follows:

Year Ending June 30,	Base Rent
2023	273,820
2024	290,756
2025	308,423
2026	326,848
2027	346,059
Thereafter	753,052
	\$ 2,298,958

Note 10 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, 2022 and 2021, the Institute contributed \$252,398 and \$247,327, respectively into the University's fringe benefits pool. The retirement plan portion of the benefit plan contribution for the years ending June 30, 2022 and 2021 was \$65,933 and \$60,302, respectively.

Note 11 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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Endowment (continued)

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, 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.

Changes in the Institute's endowment funds, including cash and investments, during the year ending June 30, 2022 and 2021 were as follows:

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Endowment (continued)

Year Ending June 30, 2022			
	Unrestricted	Restricted	
Original Cost:	<u>Board Designated</u>	<u>In Perpetuity</u>	<u>Total</u>
Balance as of June 30, 2021:			
Original cost	2,020,367	300,000	2,320,367
Additional contributions	-	-	-
Balance as of June 30, 2022:			
Original cost	<u>\$ 2,020,367</u>	<u>\$ 300,000</u>	<u>\$ 2,320,367</u>
Fair Market Value:			
Balance as of June 30, 2021:	\$ 3,853,891	\$ 300,000	\$ 4,153,891
Interest income	107	-	107
Realized & unrealized gain (loss)	(361,381)	-	(361,381)
Disbursements for operations	(221,144)	-	(221,144)
Balance as of June 30, 2022			
Fair market value	<u>3,271,473</u>	<u>300,000</u>	<u>3,571,473</u>

Changes in Endowment Funds for years ending June 30 (continued)

Year Ending June 30, 2021			
	Unrestricted	Restricted	
Original Cost:	<u>Board Designated</u>	<u>In Perpetuity</u>	<u>Total</u>
Balance as of June 30, 2020:			
Original cost	2,020,367	300,000	2,320,367
Additional contributions	-	-	-
Balance as of June 30, 2021:			
Original cost	<u>\$ 2,020,367</u>	<u>\$ 300,000</u>	<u>\$ 2,320,367</u>
Fair Market Value:			
Balance as of June 30, 2020:	\$ 2,951,805	\$ 300,000	\$ 3,251,805
Interest income	86	-	86
Realized & unrealized gain (loss)	1,019,521	-	1,019,521
Disbursements for operations	(117,521)	-	(117,521)
Balance as of June 30, 2021			
Fair market value	<u>3,853,891</u>	<u>300,000</u>	<u>4,153,891</u>

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Endowment (continued)

The Institute's board designated and donor restricted endowment consisted of the following assets as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Current assets		
Deposits with commercial banks	\$ 74,000	\$ 173,893
Non-current assets		
Invested in the JHU Endowment pool	3,197,473	3,679,998
Bequest receivable (restricted in perpetuity)	300,000	300,000
	<u>3,497,473</u>	<u>3,979,998</u>
Total endowment funds	<u>\$ 3,571,473</u>	<u>\$ 4,153,891</u>

Note 12 **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. The Institute has organized and maintains control over *AICGS e.V* as described in Note 1 to these financial statements. Net cash (overdraft) on deposit with the University on June 30, 2022 and 2021 was \$147,384 and \$482,750, respectively.

The Institute also relies on a significant portion of its financial support from its Board of Trustees. Contributions by and receivables due from Trustees as of June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Trustee contributions		
Program support	\$ 88,121	\$ 54,975
GLAD event	285,881	-
General support	90,761	517,600
	<u>\$ 464,763</u>	<u>\$ 572,575</u>
Due from Trustees		
General support	\$ 100,500	\$ 337,778
Bequest	300,000	300,000
	<u>\$ 400,500</u>	<u>\$ 637,778</u>

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**Notes to Financial Statements
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Note 13 Subsequent Events and Covid-19 Disclosures

The Institute applied for and received a government pandemic assistance (PPP) loan. Proceeds from this loan were used towards staff salaries and office rent. The Institute recognized the proceeds from this loan as conditional contribution revenue during the year ending June 30, 2022 after having met all the conditions of forgiveness. The Institute was granted forgiveness of this loan in July 2022.

Management continues to monitor the effects on the covid 19 pandemic and its impact on its financial condition including liquidity, operations, donors, programs, and workforce. The Institute believes it is able to manage any lingering effects of the covid-19 pandemic.

Management evaluated subsequent events through January 11, 2023, the date the financial statements were available to be issued. The Institute is not aware of any material subsequent events.

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Note 14 Prior Year Restatement

The Institute restated prior year accounts receivable and reclassified certain awards, recorded in the prior year as deferred revenue, to revenue recognized in that year. Accordingly, prior year amounts have been restated as follows:

	Year Ending June 30, 2021		
	Original Amount	Change	Restated Amount
Statement of Activities:			
Contributions and grants	\$ 1,049,302	\$ 344,787	\$ 1,394,089
Other revenues and investment gains	1,162,605	-	1,162,605
Net revenues and unrealized gains	2,211,907	344,787	2,556,694
Total expenditures	1,397,974	-	1,397,974
Change in net assets	<u>\$ 813,933</u>	<u>\$ 344,787</u>	<u>\$ 1,158,720</u>
Statement of Financial Position:			
Restricted grants and pledge receivable	240,313	(34,232)	206,081
Other accounts receivable	142,626	409	143,035
Other assets	7,669,577	-	7,669,577
Total Assets	<u>\$ 8,052,516</u>	<u>\$ (33,823)</u>	<u>\$ 8,018,693</u>
Deferred revenues	514,031	(464,360)	49,671
Other liabilities	2,742,037	-	2,742,037
Total liabilities	3,256,068	(464,360)	2,791,708
Net Assets:			
Restricted in purpose	101,525	(18,986)	82,539
Restricted in perpetuity	300,000	-	300,000
Without donor restrictions	4,394,923	449,523	4,844,446
Total net assets	4,796,448	430,537	5,226,985
Total liabilities and net assets	<u>\$ 8,052,516</u>	<u>\$ (33,823)</u>	<u>\$ 8,018,693</u>
Cumulative effect of change in accounting for deferred revenues on net assets prior to year ending June 30, 2021:			
	Original Amount	Change	Restated Amount
Year Ending June 30, 2020:			
Net Assets:			
Restricted in purpose	\$ 83,648	\$ -	\$ 83,648
Restricted in perpetuity	300,000	-	300,000
Without donor restrictions	3,598,867	85,750	3,684,617
	3,982,515	85,750	4,068,265
Year Ending June 30, 2021:			
Change in net assets	813,933	344,787	1,158,720
Ending net assets	<u>\$ 4,796,448</u>	<u>\$ 430,537</u>	<u>\$ 5,226,985</u>

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**Supplementary Statement of Expenditures by Program
For The Years Ended June 30, 2022 and 2021**

	2022			2021
	Direct Costs	Shared Costs	Total	Total (Summarized)
DAAD Fellowships	\$ 132,932	\$ 57,433	\$ 190,365	\$ 83,563
ERP Social Divisions	95,481	60,361	155,842	29,324
ERP Transatlantic Crises	36,108	60,042	96,150	10,212
ERP Next Generation	-	-	-	-
Federal Ministry of Defense	-	-	-	46,415
F.H. Langhammer Policy Initiatives	9,109	11,380	20,489	10,212
Foreign & Security Policy Program	30,877	32,347	63,224	29,559
Geoeconomics Program	87,975	109,999	197,974	171,656
Geoeconomics: Allianz Speaker Series	-	-	-	29,551
Geoeconomics: Wunderbar Together	21,000	22,135	43,135	27,736
German Marshall Fund	25,000	27,071	52,071	54,397
Guido Goldman Book Project	-	-	-	53,091
Halle Foundation Internship Program	40,366	20,137	60,503	17,764
Halle Foundation Leadership Program	-	15,226	15,226	14,117
Harry and Helen Gray Culture & Politics Program	44,574	58,308	102,882	78,125
Society, Culture & Politics Program (SCP)	5,847	53,241	59,088	61,812
SCP Program: Diversity Exchange	-	11,380	11,380	10,289
Steven Muller New Initiatives Fund	66,900	30,648	97,548	81,269
Thyssen Foundation China project	12,458	29,372	41,830	89,128
US Embassy Berlin	10,860	28,008	38,868	36,316
Visiting Fellowships	8,024	33,842	41,866	12,760
Shared program costs (net)	-	66,866	66,866	552
	\$ 627,511	\$ 727,794	\$ 1,355,305	947,848

See independent auditor's report.

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