

**The American Institute for Contemporary German Studies
at The Johns Hopkins University, Inc.
d.b.a. The American-German Institute**

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

June 30, 2024 and 2023

**The American Institute for Contemporary German Studies
at The Johns Hopkins University, Inc.
d.b.a. The American-German Institute**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenditures	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 22
Supplementary Statement of Expenditures by Program	23

William A. Russ, CPA, PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The American Institute for Contemporary German Studies
at The Johns Hopkins University, Inc.
d.b.a. The American-German Institute
Washington, DC

Opinion

I have audited the accompanying financial statements of The American Institute for Contemporary German Studies at the Johns Hopkins University, Inc. d.b.a. The American-German Institute (a nonprofit organization), which comprise the statement of financial position as of 30 June 2024, 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 2024, 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.

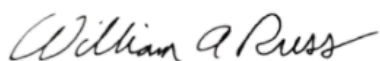
I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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. 2023 financial statements and, in my report dated 24 October 2023, I expressed an unqualified opinion on those financial statements. The prior year restatement described in Note 15 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

21 October 2024

The American Institute for Contemporary German Studies
at The Johns Hopkins University
d.b.a. The American-German Institute
Washington, D.C.

Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		(Restated)
Current		
Cash and cash equivalents		
Undesignated	\$ 43,883	\$ 99,963
Board designated	77,721	75,264
Total cash and cash equivalents	121,604	175,227
Pledge receivables, less allowance for doubtful accounts of \$20,000 in 2024 and 2023	46,155	84,843
Donor restricted pledge receivables	202,451	5,709
Prepaid expenses and other assets	104,308	34,747
Total current assets	474,518	300,526
Non-current		
Furniture and equipment		
Cost	262,483	262,483
Less: accumulated depreciation	(210,411)	(200,071)
Net/book value of furniture and equipment	52,072	62,412
Pledge receivables	300,000	400,000
Donor restricted pledge receivables	303,451	100,000
Endowment - bequest receivable	300,000	300,000
Annuity receivable	180,019	171,758
Endowment - Invested in JHU Endowment	3,193,457	3,046,792
Right of use asset, net of accumulated amortization of \$1,385,496 in 2024 and \$1,103,700 in 2023	1,315,045	1,596,841
Total non-current assets	5,644,044	5,677,803
Total assets	6,118,562	5,978,329
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	67,026	36,680
Deferred revenue	49,823	53,790
Overdraft in JHU cash account	158,878	7,439
Office rent obligation (current portion)	355,105	346,444
	630,832	444,353
Non-Current Liabilities		
Office rent obligation (non-current portion)	1,374,520	1,729,624
Total liabilities	2,005,352	2,173,977
Net Assets		
Without donor restriction:		
Undesignated	542,032	382,296
Board designated endowments	3,271,178	3,122,056
Total	3,813,210	3,504,352
With donor restrictions:		
Purpose restrictions	-	-
Restricted in perpetuity	300,000	300,000
Total	300,000	300,000
Total net assets	4,113,210	3,804,352
Total liabilities and net assets	\$ 6,118,562	\$5,978,329

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
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Washington, D.C.**

**Statements of Activities
For The Years Ending June 30, 2024 and 2023**

	2024			2023	
	Unrestricted	Donor Restricted		Total	(Restated)
		(Purpose)	(Perpetuity)		(Summarized)
				Total	(Restated)
Revenue					
Contributions and grants	\$ 1,879,776	\$ 302,649	\$ -	\$ 2,182,425	\$ 1,869,000
Interest, dividends and realized gains	139,394	-	-	139,394	136,306
Other revenues	518	-	-	518	3,635
Total revenues	2,019,688	302,649	-	2,322,337	2,008,941
Net assets released from restrictions:					
Satisfaction of program restrictions	302,649	(302,649)	-	-	-
Total revenues	2,322,337	-	-	2,322,337	2,008,941
Expenditures					
Program expenditures	1,390,105	-	-	1,390,105	1,257,724
Management and general	439,823	-	-	439,823	348,769
Fund raising	330,218	-	-	330,218	356,371
Total expenditures	2,160,146	-	-	2,160,146	1,962,864
Change in net assets from operations	162,191	-	-	162,191	46,077
Unrealized gain (loss) on investments	146,666	-	-	146,666	(150,682)
Change in net assets	308,857	-	-	308,858	(104,605)
Net assets at beginning of year	3,504,352	-	300,000	3,804,352	3,908,957
Net assets at end of year	\$ 3,813,210	\$ -	\$ 300,000	\$ 4,113,210	\$ 3,804,352

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**The American Institute for Contemporary German Studies
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**Statement of Functional Expenditures
For The Years Ended June 30, 2024 and 2023**

	2024				2023
	Program Services	Management & General	Fundraising	Total	Total (Summarized)
Salaries	\$ 619,177	\$ 69,877	\$ 96,438	\$ 785,492	\$ 711,658
Personnel benefits & payroll taxes	207,375	36,424	34,121	277,920	235,387
Total personnel costs	<u>826,552</u>	<u>106,301</u>	<u>130,559</u>	<u>1,063,412</u>	<u>947,045</u>
Amortization of office lease	281,796	-	-	281,796	281,796
Award dinner	-	35,626	153,224	188,850	126,533
Consultants/professional fees	-	15,162	-	15,162	14,664
Depreciation	-	10,340	-	10,340	10,340
Donation return	(2,953)	1,550	-	(1,403)	6,164
Equipment rental and maintenance	-	2,847	-	2,847	-
General contractual services	7,291	224,678	-	231,969	133,449
General office	3,204	5,271	2,284	10,759	11,710
Honoraria	7,232	2,000	-	9,232	11,250
Interest portion of office lease	36,715	23,681	-	60,396	61,630
Miscellaneous fees and staff development	5,651	20,572	60	26,282	50,116
Occupancy	9,200	2	-	9,202	10,538
Overhead cost transfers	4,462	(5,497)	-	(1,035)	-
Project development	581	101	-	682	-
Rebranding	-	-	-	-	38,347
Seminars/conferences/workshops	23,078	(35,626)	35,626	23,078	31,241
Stipends	30,355	-	-	30,355	41,446
Telephone and internet services	3,238	26,156	-	29,394	26,703
Travel	153,705	6,659	8,465	168,829	159,892
	<u>\$ 1,390,105</u>	<u>\$ 439,823</u>	<u>\$ 330,218</u>	<u>\$ 2,160,146</u>	<u>1,962,864</u>

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**The American Institute for Contemporary German Studies
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**Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023**

	2024	2023
		(Restated)
<u>Cash flows from operating activities:</u>		
Increase (decrease) in net assets	\$ 308,858	(104,605)
Cumulative effect of prior period adjustments	-	86,748
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	10,340	10,340
Amortization of right-of-use asset	281,796	281,796
Decrease (increase) in donor restricted pledge receivable	(196,742)	(7,719)
Decrease (increase) in unrestricted pledges receivable (current)	38,688	(312,843)
Decrease (increase) in prepaid expense	(69,561)	(26,274)
Increase (decrease) in accounts payable	30,347	47,102
Increase (decrease) in JHU overdraft	151,439	7,439
Increase (decrease) in deferred revenue	(3,967)	(34,156)
Increase (decrease) in office lease obligation	(346,443)	(346,443)
Decrease (increase) in unrealized gains on investments	(282,589)	17,422
Total	(77,835)	(381,193)
Changes in board designated financing:		
Distributions from JHU board designated endowments	135,924	133,259
Net cash provided (used) by operating activities	58,089	(247,934)
<u>Cash flows from financing activities:</u>		
Decrease (increase) in pledges receivable (non-current)	100,000	-
Decrease (increase) in donor restricted pledges receivable (non-curre	(203,451)	-
Decrease (increase) in annuity receivable (non-current)	(8,261)	(28,619)
Net cash provided (used) by financing activities	(111,712)	(28,619)
Net increase (decrease) in cash	(53,623)	(276,553)
Cash and cash equivalents at beginning of year	175,227	451,780
Cash and cash equivalents at end of year	\$ 121,604	\$ 175,227

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See independent auditor's report.

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

**Notes to Financial Statements
June 30, 2024 and 2023**

Note 1 Organization

Located in Washington, D.C., the American Institute for Contemporary German Studies at The Johns Hopkins University, Inc. d.b.a. The American-German Institute (Institute or AGI) 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, AGI 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 (AGI) 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.
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Washington, D.C.**

**Notes to Financial Statements
June 30, 2024 and 2023**

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.

D. Deferred Revenues

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 deferred revenues in the statement of financial position. Deferred revenues associated with these grants total \$49,823 and \$53,790 as of June 30, 2024 and 2023, respectively.

E. 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.

F. 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

**The American Institute for Contemporary German Studies
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Washington, D.C.**

**Notes to Financial Statements
June 30, 2024 and 2023**

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.

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 surplus (overdraft) on deposit with the University on June 30, 2024 and 2023 was (\$158,878) and (\$7,439), 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
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**Notes to Financial Statements
June 30, 2024 and 2023**

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 IRS 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 IRS may review the Institute's tax filing for the three most recent tax years. The Institute has not been classified as a private foundation by the IRS.

**The American Institute for Contemporary German Studies
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**Notes to Financial Statements
June 30, 2024 and 2023**

L. Bequest and Non-Current Receivables

The Institute has recorded a bequest and a related gift from a trustee. The gift is being held by the University. The Institute will receive the bequest and the related gift upon the death of the trustee. These receivables are classified as non-current assets on the statement of financial position.

M. Leased Assets

Amounts recognized as right-of-use assets related to operating leases are included in Fixed assets, net in the accompanying statement of financial position, while related lease liabilities are included in Current portion of long-term debt and Long-term debt. For the years ending June 30, 2024 and 2023 the Institute has estimated its incremental borrowing rate to be 3% and uses this as the discount rate when arriving at the present value of future lease payments.

N. 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.

O. 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.

P. Prior Year Comparative Information

The financial statements contain certain summarized comparative information for the year ending June 30, 2023. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ending June 30, 2023, from which the summarized information was derived.

**The American Institute for Contemporary German Studies
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**Notes to Financial Statements
June 30, 2024 and 2023**

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. For the 12 months ending June 30, 2025 operating costs are estimated to be \$2,000,000.

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 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 following reflects the Institute's financial assets as of June 30, 2024 that it considers available to fund current operations:

					<u>June 30, 2024</u>
		Cash and cash equivalents, undesignated		\$	121,604
		Pledges:			
		Without donor restrictions			346,155
		With donor restrictions			505,902
				<u>\$</u>	<u>973,661</u>

The Institute can draw upon its board designated endowment to cover current operations when necessary.

**The American Institute for Contemporary German Studies
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**Notes to Financial Statements
June 30, 2024 and 2023**

Note 4 Pledge Receivables

The Institute was pledged amounts due within the next fiscal year and beyond. These pledge receivables for the years ending June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Pledge receivables		
Due within 12 months		
Unrestricted pledges (net)	\$ 46,155	\$ 84,843
Donor restricted	202,451	5,709
Current	248,606	90,552
Due within 2-5 years		
Unrestricted pledges	300,000	400,000
Donor restricted	303,451	100,000
Due in more than 5 years		
Annuity receivable	180,019	171,758
Bequest receivable	300,000	300,000
Non-current	1,083,470	971,758
Total receivables	<u>\$ 1,332,076</u>	<u>\$ 1,062,310</u>

Note 5 Contributions and Grants

Contributions and grants consisted of the following as of June 30, 2024 and 2023:

	2024 Contributions and Grants			2023
	Donor Restricted	Without Restriction	Combined	Total (Summarized)
Program Revenues				
Foundations	\$ 201,420	\$ 10,000	\$ 211,420	\$ 221,945
Government	101,229	-	101,229	97,197
Supporters	-	377,803	377,803	21,357
Trustees	-	468,093	468,093	185,117
	302,649	855,896	1,158,545	525,616
Non-Program Revenues				
GLAD event				
Supporters	-	787,000	787,000	479,000
Trustees	-	145,000	145,000	345,000
Total GLAD event	-	932,000	932,000	824,000
Supporters	-	32,492	32,492	45,860
Trustees	-	59,388	59,388	473,524
	-	1,023,880	1,023,880	1,343,384
Total	<u>\$ 302,649</u>	<u>\$ 1,879,776</u>	<u>\$ 2,182,425</u>	<u>\$ 1,869,000</u>

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

**Notes to Financial Statements
June 30, 2024 and 2023**

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, 2024 and 2023 are as follows:

		2024		
				Accumulated
				Unrealized
		Cost	Market	Gain (Loss)
Investment in JHU Endowment Fund				
Humanities endowment		\$ 640,200	\$ 1,092,951	\$ 452,751
Board designated endowment		1,380,167	2,100,506	720,339
Total invested in JHU endowment		<u>\$ 2,020,367</u>	<u>\$ 3,193,457</u>	<u>\$ 1,173,090</u>

Investments for years ending June 30, 2023

		2023		
				Accumulated
				Unrealized
		Cost	Market	Gain (Loss)
Investment in JHU Endowment Fund				
Humanities endowment		\$ 640,200	\$ 1,298,054	\$ 657,854
Board designated endowment		1,380,167	1,748,738	368,571
Total invested in JHU endowment		<u>\$ 2,020,367</u>	<u>\$ 3,046,792</u>	<u>\$ 1,026,425</u>

Note 7 Fair Value of Investments

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

**Notes to Financial Statements
June 30, 2024 and 2023**

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2024 and 2023:

		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:					
	2024	\$ -	\$ -	\$ 3,193,457	\$ 3,193,457
	2023	\$ -	\$ -	\$ 3,046,792	\$ 3,046,792

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, 2024 and 2023 were as follows:

	2024	2023
BMW Foundation	\$ 858	\$ -
DAAD 2023 Fellowship	-	20,360
ERP LGBTQ	9,680	-
ERP Social Divisions	-	6,445
Halle Foundation Internship Program	39,285	26,985
	<u>\$ 48,965</u>	<u>\$ 53,790</u>

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

**Notes to Financial Statements
June 30, 2024 and 2023**

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
2025	\$ 355,105
2026	363,982
2027	373,082
2028	382,409
2029	255,047
	<u>\$ 1,729,625</u>

Lease amortization, interest and variable costs (credits) associated with the office lease for the years ending June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Lease amortization	\$ 281,796	\$ 281,796
Interest	60,396	61,630
Variable portion of lease cost	9,202	10,538
Total cost of leased office space	<u>\$ 351,394</u>	<u>\$ 353,964</u>

The current and non-current operating lease liability includes the following components as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Current Liability:		
Base rent	\$ 311,039	\$ 293,337
Interest to be accrued	44,066	53,107
Total current liability	<u>355,105</u>	<u>346,444</u>
Non-Current Liability		
Base rent	1,299,268	1,610,307
Interest to be accrued	75,252	119,317
Total non-current liability	<u>\$ 1,374,520</u>	<u>\$ 1,729,624</u>

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

**Notes to Financial Statements
June 30, 2024 and 2023**

The book value of the office lease right-of-use asset and accumulated amortization as of June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Right-of use-asset (office lease)	\$ 2,700,541	\$ 2,700,541
Less accumulated amortization	(1,385,496)	(1,103,700)
Book value, right-of-use asset	<u>\$ 1,315,045</u>	<u>\$ 1,596,841</u>

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, 2024 and 2023, the Institute contributed \$287,099 and \$235,386, respectively into the University's fringe benefits pool. The retirement plan portion of the benefit plan contribution for the years ending June 30, 2024 and 2023 was \$78,273 and \$63,359, respectively. The Institute and the University fully funds this benefit and there is no resulting liability to the Institute.

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.

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

**Notes to Financial Statements
June 30, 2024 and 2023**

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.

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

**Notes to Financial Statements
June 30, 2024 and 2023**

Endowment (continued)

Changes in the Institute's endowment funds, including cash and investments, during the year ending June 30, 2024 and 2023 were as follows:

Year Ending June 30, 2024			
	Unrestricted	Restricted	
Original Cost:	Board Designated	In Perpetuity	Total
Balance as of June 30, 2023:			
Original cost	2,020,367	300,000	2,320,367
Additional contributions	-	-	-
Balance as of June 30, 2024:			
Original cost	<u>\$ 2,020,367</u>	<u>\$ 300,000</u>	<u>\$ 2,320,367</u>
Fair Market Value:			
Balance as of June 30, 2023:	\$ 3,122,064	\$ 300,000	\$ 3,422,064
Interest income	2,449	-	2,449
Realized & unrealized gain (loss)	282,589	-	282,589
Disbursements for operations	(135,924)	-	(135,924)
Balance as of June 30, 2024			
Fair market value	<u>3,271,178</u>	<u>300,000</u>	<u>3,571,178</u>
Year Ending June 30, 2023			
	Unrestricted	Restricted	
Original Cost:	Board Designated	In Perpetuity	Total
Balance as of June 30, 2022:			
Original cost	2,020,367	300,000	2,320,367
Additional contributions	-	-	-
Balance as of June 30, 2023:			
Original cost	<u>\$ 2,020,367</u>	<u>\$ 300,000</u>	<u>\$ 2,320,367</u>
Fair Market Value:			
Balance as of June 30, 2022:	\$ 3,271,473	\$ 300,000	\$ 3,571,473
Interest income	1,264	-	1,264
Realized & unrealized gain (loss)	(17,414)	-	(17,414)
Disbursements for operations	(133,259)	-	(133,259)
Balance as of June 30, 2023			
Fair market value	<u>3,122,064</u>	<u>300,000</u>	<u>3,422,064</u>

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

**Notes to Financial Statements
June 30, 2024 and 2023**

Endowment (continued)

The Institute's board designated and donor restricted endowment consisted of the following assets as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Current assets		
Deposits with commercial banks	\$ 77,721	\$ 75,264
Non-current assets		
Invested in the JHU Endowment Pool	3,193,457	3,046,800
Bequest receivable (restricted in perpetuity)	300,000	300,000
	<u>3,493,457</u>	<u>3,346,800</u>
Total, Board designated endowment	<u>\$ 3,571,178</u>	<u>\$ 3,422,064</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 *AGI e.V* as described in Note 1 to these financial statements.

Net cash (overdraft) on deposit with the University on June 30, 2024 and 2023 was (\$158,878) and (\$7,439), 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, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Trustee Contributions		
Program support	\$ 468,093	\$ 185,117
General Support	59,388	473,524
GLAD event	145,000	345,000
	<u>\$ 672,481</u>	<u>\$ 1,003,641</u>
Due From Trustees		
Program support	\$ 458,420	\$ 100,000
General Support	480,019	410,000
GLAD event	42,500	27,500
Bequest	300,000	300,000
	<u>\$ 1,280,939</u>	<u>\$ 837,500</u>

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

**Notes to Financial Statements
June 30, 2024 and 2023**

Note 13 Subsequent Events

The Institute will end its relationship with Johns Hopkins University in a process that is expected to be completed by the end of calendar year 2025. Management is in discussions with JHU leadership about terms and will also evaluate opportunities for future relationships.

Management evaluated subsequent events through October 21, 2024, the date the financial statements were available to be issued. The Institute is not aware of any additional, material subsequent events.

Note 14 Prior Period Restatement

The Institute restated prior year restricted pledge receivables and, in association with the Institute's office lease, the amortization of the right-of-use asset, accumulated amortization of the right of use asset, and the value of the right-of-use asset and liability.

Cumulative effect of change in net assets from the change accounting for the right of use asset and associated liability for years prior to the year ending June 30, 2023 were as follows:

	Original		Restated
Year Ending June 30, 2022:	<u>Amount</u>	<u>Change</u>	<u>Amount</u>
Net Assets:			
Restricted in purpose	\$ 68,416	\$ -	\$ 68,416
Restricted in perpetuity	300,000	-	300,000
Without donor restrictions	3,964,336	(423,795)	3,540,541
	4,332,752	(423,795)	3,908,957
Year Ending June 30, 2023:			
Change in net assets	(99,173)	(5,432)	(104,605)
Ending net assets	<u>\$ 4,233,579</u>	<u>\$ (429,227)</u>	<u>\$ 3,804,352</u>

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

**Notes to Financial Statements
June 30, 2024 and 2023**

Prior Period Restatement (continued)

The change in net assets resulting from the pledge receivable and the change in accounting for the right of use asset and associated liability during the year ending June 30, 2023 was as follows:

	Year Ending June 30, 2023		
	Original Amount	Change	Restated Amount
Statement of Activities:			
Increases in net assets:			
Total revenues less realized loss	\$ 2,008,941	\$ -	\$ 2,008,941
Unrealized loss on investments	(150,682)	-	(150,682)
Total	1,858,259	-	1,858,259
Decreases in net assets:			
Interest portion of office lease payment	-	61,630	61,630
Occupancy	348,532	(337,994)	10,538
Amortization of right-of-use asset	-	281,796	281,796
Other expenditures	1,608,900	-	1,608,900
Total	1,957,432	5,432	1,962,864
Change in net assets	<u>\$ (99,173)</u>	<u>\$ (5,432)</u>	<u>\$ (104,605)</u>
Statement of Financial Position:			
Restricted pledge receivables	\$ 434,843	\$ 50,000	\$ 484,843
Right-of-use asset	2,025,138	675,403	2,700,541
Less: accumulated amortization	-	(1,103,700)	(1,103,700)
Other assets	3,896,644	-	3,896,644
Total Assets	<u>\$ 6,356,625</u>	<u>\$ (378,297)</u>	<u>\$ 5,978,328</u>
Office lease liability	\$ 2,025,138	\$ 50,930	\$ 2,076,068
Other liabilities	97,908	-	97,908
Total liabilities	2,123,046	50,930	2,173,976
Net Assets:			
Restricted in purpose	-	-	-
Restricted in perpetuity	300,000	-	300,000
Without donor restrictions	4,032,752	(528,400)	3,504,352
Total net assets	4,332,752	(528,400)	3,804,352
Total liabilities and net assets	<u>\$ 6,455,798</u>	<u>\$ (477,470)</u>	<u>\$ 5,978,328</u>

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

**Supplementary Statement of Expenditures by Program
For The Years Ended June 30, 2024 and 2023**

	2024			2023
	Direct Costs	Shared Costs	Total	Total (Summarized)
BMW Foundation (Geo)	\$ 45,460	\$ 47,223	\$ 92,683	\$ -
DAAD Fellowship 2023	58,312	68,634	126,946	98,376
DAAD Fellowship 2024	26,948	59,821	86,769	82,195
ERP Social Divisions	397	-	397	190,949
ERP LGBTQ	88,991	65,386	154,377	54,060
Foreign & Security Policy Program	44,766	83,981	128,746	77,479
Futures Forum	-	-	-	98,682
Geoeconomics Program	147,938	101,448	249,386	220,237
German Marshall Fund	25,000	25,957	50,957	50,632
Halle Foundation Internship Program	45,700	66,505	112,205	93,421
Harry and Helen Gray Culture & Politics Program	68,504	63,961	132,465	87,294
Society, Culture & Politics Program (SCP)	3,935	43,722	47,657	52,899
Steven Muller New Initiatives Fund	96,170	60,943	157,113	106,651
US Embassy Berlin	7,841	6,329	14,170	21,448
Visiting Fellowships	4,000	30,922	34,922	23,313
Shared program cost transfers (net)	1,311	-	1,311	88
	<u>\$ 665,273</u>	<u>\$ 724,923</u>	<u>\$ 1,390,105</u>	<u>1,257,724</u>

See independent auditor's report.

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