

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

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

June 30, 2009 and 2008

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

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William A. Russ, CPA, CFE

Independent Auditor's Report

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

We have audited the accompanying Statements of Financial Position of The American Institute for Contemporary German Studies at The Johns Hopkins University, Inc., as of June 30, 2009 and 2008, and the related Statements of Activities and Cash Flows for the years then ended. These financial statements are the responsibility of the Institutes' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our 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 June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.



September 20, 2009

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

**Statements of Financial Position
June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Current		
Cash and cash equivalents	\$ 426,706	\$ 440,164
Pledge receivables	232,300	149,572
Grants receivable	368,817	414,638
Other receivables	11,795	4,548
Prepaid expenses and other assets	48,524	48,071
Total current assets	1,088,142	1,056,993
Non-current		
Furniture, equipment and leasehold improvements, less accumulated depreciation of \$150,542 in 2009 and \$136,588 in 2008	35,753	28,884
Investments, at fair value	2,172,280	2,649,023
	2,208,033	2,677,907
Total assets	3,296,175	3,734,900
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	14,861	64,282
Net Assets		
Unrestricted - undesignated	548,903	355,818
Unrestricted - board designated endowments	2,172,280	2,743,677
Total unrestricted	2,721,183	3,099,495
Temporarily restricted	560,130	571,123
Total net assets	3,281,314	3,670,618
Total liabilities and net assets	\$ 3,296,175	\$ 3,734,900

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

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

**Statement of Activities
For The Years Ended June 30, 2009 and 2008**

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
Revenue				
Contributions and grants	\$ 1,393,888	\$ 528,084	\$ 1,921,972	\$ 1,819,913
Interest, dividends and realized gains	65,893	48,177	114,070	109,498
Other revenues	19,476		19,476	11,340
Unrealized appreciation (loss) of investments reported at fair value	(661,086)		(661,086)	(153,187)
Net assets released from restrictions: Satisfaction of program restrictions	587,254	(587,254)	-	-
Total revenues	<u>1,405,425</u>	<u>(10,993)</u>	<u>1,394,432</u>	<u>1,787,564</u>
Expenditures				
Program expenditures	1,165,434		1,165,434	1,134,610
Fund raising	175,760		175,760	237,306
Management and general	442,544		442,544	455,545
Total expenditures	<u>1,783,737</u>	<u>-</u>	<u>1,783,737</u>	<u>1,827,461</u>
Change in net assets	(378,312)	(10,993)	(389,305)	(39,897)
Net assets at beginning of year	3,099,496	571,123	3,670,619	3,710,516
Net assets at end of year	<u>\$ 2,721,183</u>	<u>\$ 560,130</u>	<u>\$ 3,281,314</u>	<u>\$ 3,670,619</u>

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

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

**Statement of Cash Flows
For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ (389,305)	\$ (39,897)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Unrealized loss (gain) on investments	661,085	153,039
Depreciation	13,953	11,716
Decrease (increase) in pledges receivable	(82,728)	(54,823)
Decrease (increase) in grants receivable	45,821	(71,438)
Decrease (increase) in other receivables	(7,247)	(236)
Decrease (increase) in prepaid expense	(452)	(4,806)
Increase (decrease) in accounts payable	<u>(49,421)</u>	<u>(32,734)</u>
Net cash provided by operating activities	191,707	(39,179)
<u>Cash flows from investing activities:</u>		
Interest and other income from board designated endowment	(47,519)	(45,691)
Purchase of additional shares in JHU endowment fund	(35,732)	(58,535)
Additional investment in board designated endowment	(148,612)	-
Distributions from board designated endowments	47,519	45,691
Investment in computers and phone system	<u>(20,821)</u>	<u>-</u>
Net cash used in investing activities	(205,165)	(58,535)
Net increase (decrease) in cash	<u>(13,458)</u>	<u>(97,714)</u>
Cash and cash equivalents at beginning of year	440,164	537,878
Cash and cash equivalents at end of year	<u><u>\$ 426,706</u></u>	<u><u>\$ 440,164</u></u>

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

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

**Notes to Financial Statements
June 30, 2009 and 2008**

Note 1 Organization and Summary of Significant Accounting Policies

Organization

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

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with financial institutions and with the University. Net cash on deposit with the University on June 30, 2009 and 2008 amounted to \$76,952 and \$140,697 respectively.

Fund Accounting

To insure the observance of limitations and restrictions placed on the use of resources available to the Institute, the accounts of the Institute are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and recording purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. All the Institute's financial transactions have been recorded as operating funds and classified as either unrestricted or temporarily restricted.

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

Unrestricted Funds

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

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

**Notes to Financial Statements
June 30, 2009 and 2008**

Note 1 Organization and Summary of Significant Accounting Policies (Continued)

Temporarily Restricted Funds

Gifts of cash or other long-lived assets with explicit restrictions that specify how the assets are to be used are reported as temporarily restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Board Designated Endowment

Unrestricted contributions have been designated by the Institute's Board of Directors as endowment funds. All of the Institute's endowment funds have been invested in The Johns Hopkins University endowment pool. Endowment fund income and gains (realized and unrealized) have been designated to benefit the Institute's Harry & Helen Gray Culture & Politics Program and general operations. The fair market value of the endowment funds invested in The Johns Hopkins University endowment pool at June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Humanities program	\$ 862,163	\$ 1,145,612
General operations	1,310,117	1,503,411
Total endowment funds	<u>\$2,172,280</u>	<u>\$ 2,649,023</u>

An additional \$35,732 and \$58,535 was designated by the Institute's Board of Directors as endowment funds during the years ending June 30, 2009 and 2008, respectively.

Equipment

Equipment has been stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are charged to earnings as incurred. Leasehold improvements are capitalized. When assets are sold, retired, or otherwise disposed of, the applicable costs and allowances are removed from the accounts and the resulting gain or loss is recognized. Depreciation expense was \$13,953 and \$11,716 for the years ending 30 June 2009 and 2008, respectively.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Amounts

The amounts shown for 2008 in the accompanying statement of activities are included to provide a basis for comparison with 2009. They do not include all of the information necessary for a fair presentation of the 2008 activities in conformity with generally accepted accounting principles.

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

**Notes to Financial Statements
June 30, 2009 and 2008**

Note 2 Temporarily Restricted Net Assets

Temporarily restricted net assets available for the Institute's programs after June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Bosch Religion & Politics Project	\$ 112,374	\$ 60,617
Business & Economics Program	16,616	29,951
Culture & Politics Program	17,684	26,201
DAAD Fellowship	119,801	229,231
Daimler Energy Policy Program	-	124,663
Deutsche Bank Economic Roundtables	7,848	5,887
Elfriede Dräger Global Governance Project	21,123	36,966
ERP 60th Anniversary of the FGR	121,813	-
GMF Work Study Groups	39,213	-
Harry and Helen Gray Culture & Politics Program	31,071	16,849
Other Programs	11,584	11,594
Policy Studies Program	7,681	27,121
Thyssen Terrorism Conference	53,322	2,043
	<u>\$ 560,130</u>	<u>\$ 571,123</u>

Note 3 Contributions and Grants

Contributions and grants consist of the following as of June 30, for the following years:

	<u>2009</u>	<u>2008</u>
Unrestricted trustee contributions	\$ 474,221	\$ 341,242
Unrestricted membership donations	85,459	18,425
Other Global Leadership Award Dinner revenues	834,208	962,153
Unrestricted contributions and support	<u>1,393,888</u>	<u>1,321,820</u>
Restricted trustee donations	53,616	30,000
Restricted membership donations	69,257	89,751
Other restricted grants	405,211	378,342
Restricted contributions and support	<u>528,084</u>	<u>498,093</u>
Total contributions and support	<u>\$ 1,921,972</u>	<u>\$ 1,819,913</u>

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

**Notes to Financial Statements
June 30, 2009 and 2008**

Note 4 Investments

The Institute has invested its endowment funds into the University's Endowment Pool. Contributions into the endowment pool, reinvested earnings and realized gains for the years ending on June 30 are as follows:

<u>Year</u>	<u>Humanities Endowment</u>	<u>Board Endowment</u>	<u>Combined</u>
1995	\$ 640,200		\$ 640,200
1999		\$ 150,000	150,000
2000		300,588	300,588
2001		104,135	104,135
2002		117,500	117,500
2003		201,000	201,000
2004		150,000	150,000
2005		47,903	47,903
2006		154,661	154,661
2007		60,114	60,114
2008		58,534	58,534
2009		184,344	184,344
Cost	<u>640,200</u>	<u>1,528,779</u>	<u>2,168,979</u>
Unrealized gains	221,962	(218,661)	3,301
Market value	<u>\$ 862,162</u>	<u>\$ 1,310,118</u>	<u>\$ 2,172,280</u>

The cost and fair value of the Institute's investment in the University's endowment pool as of June 30, are as follows:

	<u>2009</u>	<u>2008</u>
Cost	\$ 2,168,979	\$ 1,984,636
Fair value	\$ 2,172,280	\$ 2,649,023

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

**Notes to Financial Statements
June 30, 2009 and 2008**

Note 5 Lease Obligation

The University has entered into a lease of the office space used by the Institute at 1755 Massachusetts Avenue, NW, in Washington, D.C. The Institute reimburses the University for its use of this space. The lease period extends to 31 March 2014 and is classified as an operating lease. Rent expense was \$224,094 and \$216,062 for the years ended June 30, 2009 and 2008, respectively. The Institute's minimum lease obligation for years ending on June 30 are as follows:

<u>Year</u>	<u>Amount</u>
2010	228,782
2011	237,933
2012	247,450
2013	257,348
2014	198,744

Note 6 Tax Status

The Institute has been granted tax exempt status under Section 501 (c) (3) of the Internal Revenue Code. The IRS has not classified the Institute as a private foundation.

Note 7 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, 2009 and 2008, the Institute contributed \$210,889 and \$213,084 into the University's fringe benefits pool, respectively.

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

Supplementary Information

June 30, 2009 and 2008

William A. Russ, CPA, CFE

Independent Auditor's Report on Supplementary Information

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

Our report on our audit of the basic financial statements of The American Institute for Contemporary German Studies at The Johns Hopkins University, Inc., for the years ended June 30, 2009 and 2008, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the years ended June 30, 2009 and 2008 presented on the following pages is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2009 and 2008 taken as a whole.



September 20, 2009

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

**Statement of Expenditures by Program
For The Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Bosch Religion & Politics Project	\$ 78,799	\$ 71,554
Bundeswehr Conference	-	35,330
Society, Culture & Politics Program	85,985	75,554
DAAD Fellowship 2007-2010/2004 - 2007	166,199	143,184
DaimlerChrysler Regulatory Dynamics 2005-2006	9,544	63,277
Deutsche Bank Economic Roundtable/Fellowship Series	35,706	27,340
Business & Economics Program	103,350	94,195
Equipment purchases - net	2,600	1,011
F.H. Langhammer Luncheon Series	74,106	47,482
German Marshall Fund of the U.S. Work Study Group 2009-2010	66,774	72,703
German Marshall Fund of the U.S. Work Study Group 2008-2009	29,135	116,149
Gillette Innovation Project	-	24,360
Draeger Foundation NGOs and Global Governance	35,844	52,033
Harry and Helen Gray Culture & Politics Program	69,357	93,212
Policy Studies Program	105,094	96,624
Daimler Energy Policy Program	145,318	36,299
NIC German Vulnerabilities Conference	-	44,984
Thyssen Terrorism Conference	14,124	39,094
Bosch Muslim Integration Project	16,038	-
ERP 60th Anniversary of the FRG	80,655	-
Draeger Foundation Lecture Series	38,747	-
Steven Muller New Initiatives Fund	7,757	-
Restricted interest/bank service charges	303	225
	<u>\$ 1,165,434</u>	<u>\$ 1,134,610</u>

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

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

**Statement of Functional Expenditures
For The Years Ended June 30, 2009 and 2008**

	2009			Total 2008
	Program Services	Fundraising	Management & General	
Salaries	\$ 449,065		\$ 169,713	\$ 618,778
Personnel benefits	145,966		64,923	210,889
Books, subscriptions, reference	1,051			1,051
Equipment rental and maintenance	9,855		5,384	15,239
General office	20,109	532	6,515	27,156
Occupancy	147,421		76,673	224,094
Printing & copying	43,940	12,706	9,014	65,660
Telephone	4,139	221	15,326	19,686
Travel	92,433	7,407	22,733	122,573
Seminars/conferences/workshops	51,508			51,508
Award dinner/project development	4,326	103,707	6,171	114,204
Admin overhead	19,027			19,027
Donation return	1,390			1,390
Membership fees bank fees, staff dev.	473		5,791	6,264
Depreciation	2,600		11,354	13,953
Contingency				-
General contractual services	4,403	46,937	39,947	91,287
Consultants/professional fees	4,543	4,250	9,000	17,793
Honoraria	84,585			84,585
Stipends	78,600			78,600
	<u>\$ 1,165,434</u>	<u>\$ 175,760</u>	<u>\$ 442,544</u>	<u>\$ 1,783,737</u>
				<u>\$ 1,827,461</u>

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