

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

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

June 30, 2017 and 2016

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

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William A. Russ, CPA, PC

Independent Auditor's Report

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

I have audited the accompanying financial statements of The American Institute for Contemporary German Studies at The Johns Hopkins University, Inc., which comprise the Statement of Financial Position as of 30 June 2017 and the related Statements of Activities, Functional Expenditures, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Institute for Contemporary German Studies at The Johns Hopkins University, Inc., as of 30 June 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The prior year summarized comparative information has been derived from The American Institute for Contemporary German Studies at The Johns Hopkins University, Inc. 2016 financial statements and, in my report dated 20 September 2016 I expressed an unqualified opinion on those financial statements.


Gwynn Oak, Maryland
11 September 2017

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

**Statements of Financial Position
June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Current		
Cash and cash equivalents	\$ 909,524	\$ 423,455
Pledge receivables, less allowance for doubtful accounts of \$20,000 in 2017 and \$20,000 in 2016	500,000	269,974
Grants receivable	930,619	1,078,239
Other receivables	441,268	445,468
Prepaid expenses and other assets	88,688	91,318
Total current assets	2,870,099	2,308,454
Non-current		
Furniture, equipment and leasehold improvements, less accumulated depreciation of \$225,392 in 2017 and \$212,360 in 2016	-	-
Investments, at fair value	2,957,726	2,745,725
	2,957,726	2,745,725
Total assets	5,827,825	5,054,179
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	29,832	30,723
Deferred revenue	26,732	85,000
	56,564	115,723
Net Assets		
Unrestricted - undesignated	1,290,538	686,087
Unrestricted - board designated endowments	2,957,726	2,745,725
Total unrestricted	4,248,264	3,431,812
Temporarily restricted	1,222,997	1,206,644
Permanently restricted	300,000	300,000
Total net assets	5,771,261	4,938,456
Total liabilities and net assets	\$ 5,827,825	\$ 5,054,179

See independent auditor's report.

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

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

**Statements of Activities
For The Years Ended June 30, 2017 and 2016 (summarized)**

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenue					
Contributions and grants	\$ 1,782,993	\$ 692,345	\$ -	\$ 2,475,338	\$ 1,598,746
Interest, dividends and realized gains	65,409	48,032	-	113,441	111,131
In-kind contributions	13,033	-	-	13,033	13,033
Other revenues	1,685	1,973	-	3,658	6,819
Total revenues	<u>1,863,120</u>	<u>742,350</u>	<u>-</u>	<u>2,605,470</u>	<u>1,729,729</u>
Net assets released from restrictions:					
Satisfaction of program restrictions	725,997	(725,997)	-	-	-
Net revenues	<u>2,589,117</u>	<u>16,353</u>	<u>-</u>	<u>2,605,470</u>	<u>1,729,729</u>
Expenditures					
Program expenditures	1,371,744	-	-	1,371,744	1,448,051
Management and general	329,479	-	-	329,479	249,061
Fund raising	258,265	-	-	258,265	209,547
Total expenditures	<u>1,959,488</u>	<u>-</u>	<u>-</u>	<u>1,959,488</u>	<u>1,906,659</u>
Change in net assets from operations	629,629	16,353	-	645,982	(176,930)
Unrealized gain (loss) on investments	186,823	-	-	186,823	(157,136)
Change in net assets	816,452	16,353	-	832,805	(334,066)
Net assets at beginning of year	3,431,812	1,206,644	300,000	4,938,456	5,272,522
Net assets at end of year	<u>\$ 4,248,264</u>	<u>\$ 1,222,997</u>	<u>\$ 300,000</u>	<u>\$ 5,771,261</u>	<u>\$ 4,938,456</u>

See independent auditor's report.

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

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

**Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities:</u>		
Increase (decrease) in net assets	\$ 832,805	\$ (334,066)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	13,033	13,033
In-kind grant of leasehold improvements	-	-
Decrease (increase) in pledges receivable	(230,026)	168,535
Decrease (increase) in grants receivable	147,620	150,441
Decrease (increase) in other receivables	4,200	(7,947)
Decrease (increase) in prepaid expense	2,630	(14,105)
Increase (decrease) in JHU overdraft	-	-
Increase (decrease) in accounts payable	(893)	(13,351)
Increase (decrease) in deferred revenue	(58,268)	85,000
Total	711,102	47,540
Changes to board designated endowment:		
Transfers to designated to endowments	(25,000)	(12,264)
Transfers to operating account	-	-
Interest earned on board designated endowment paid by bank	(177)	(401)
Distributions from JHU board designated endowments	111,929	110,276
Total	86,752	97,611
Net cash provided (used) by operating activities	797,854	145,151
<u>Cash flows from investing activities:</u>		
Investment in leasehold improvements	(13,033)	(13,033)
Realized gain (loss) & other income from JHU endowment	(111,929)	(110,276)
Unrealized loss (gain) on other investments	(186,823)	157,136
Net cash provided (used) by investing activities	(311,785)	33,827
Net increase (decrease) in cash	486,069	178,978
Cash and cash equivalents at beginning of year	423,455	244,477
Cash and cash equivalents at end of year	\$ 909,524	\$ 423,455

See independent auditor's report.

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

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

**Statement of Functional Expenditures
For The Years Ended June 30, 2017 and 2016 (summarized)**

	2017				Total 2016
	Program Services	Management & General	Fundraising	Total	
Salaries	\$ 538,961	\$ 38,390	\$ 102,609	\$ 679,960	\$ 731,569
Personnel benefits & payroll taxes	183,246	12,322	22,670	218,238	243,444
Books, subscriptions, reference	432	-	-	432	28
Equipment rental and maintenance	-	2,608	-	2,608	3,503
General office	17,461	(1,761)	473	16,173	16,737
Occupancy	242,002	78,432	-	320,434	296,819
Printing & copying	8,086	(455)	2,470	10,101	15,120
Telephone	239	12,281	-	12,520	17,133
Travel	175,670	24,356	5,029	205,055	185,379
Seminars/conferences/workshops	63,907	-	-	63,907	38,089
Award dinner/project development	1,302	2,563	125,014	128,879	165,999
Miscellaneous fees and staff development	377	4,998	-	5,375	6,824
Depreciation	-	13,033	-	13,033	13,033
General contractual services	9,953	135,156	-	145,109	74,632
Consultants/professional fees	38,500	7,556	-	46,056	7,344
Honoraria	14,758	-	-	14,758	19,905
Stipends	76,850	-	-	76,850	71,100
	<u>1,371,744</u>	<u>329,479</u>	<u>258,265</u>	<u>1,959,488</u>	<u>1,906,659</u>

See independent auditor's report.

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

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

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 1 Organization

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

Note 2 Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with financial institutions and with the University. The University holds and disburses the Institute's funds in support of its normal operations. Net cash (overdraft) on deposit with the University on June 30, 2017 and 2016 amounted to \$476,130 and \$116,752 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, 2017 and 2016**

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

Temporarily Restricted Funds

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

Permanently Restricted Funds

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

Board Designated Endowment

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

A portion of the Institute's endowment funds have been invested in the Johns Hopkins University endowment pool with the remaining funds invested in a money market bank account. A portion of the endowment fund income and gains (realized and unrealized) have been designated to benefit the Institute's Harry & Helen Gray Culture & Politics Program with the remaining funds supporting general operations. The fair market value of the endowment funds invested at June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Humanities program	1,186,780	1,107,186
Undesignated endowment	1,770,946	1,638,539
	<u>2,957,726</u>	<u>2,745,725</u>

An additional \$25,000 and \$-0- was designated by the Institute's Board of Directors as endowment funds during the years ending June 30, 2017 and 2016, 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 \$13,033 and \$13,033 for the years ending June 30, 2017 and 2016, respectively.

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

**Notes to Financial Statements
June 30, 2017 and 2016**

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

Use of Estimates

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

Direct and Shared Costs

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

Comparative Amounts

The amounts shown for 2016 in the accompanying statement of activities were derived from the Institute's financial statements for that fiscal year and are included to provide a basis for comparison with 2017. They do not include all of the information necessary for a fair presentation of the 2016 activities in conformity with generally accepted accounting principles.

Fair Value Measurements

The Institute categorizes its assets measured at fair value into a three-level hierarchy based on the priority of inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

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

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

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 3 Temporarily Restricted Net Assets

Temporarily restricted net assets available for the Institute's programs after June 30, 2017 and 2016 are as follows:

	2017	2016
Arconic Workforce Project	\$ 4,076	\$ 29,991
Bosch Workforce Project	-	21,782
Geoeconomics Program	100,361	4,500
DAAD Fellowship	63,242	177,958
ERP Immigration and Integration Project	106,243	202,832
ERP The Next Generation Project	228,449	336,027
F.H. Langhammer Policy Initiatives	200,945	9,677
Foreign & Domestic Policy Studies Program	167,071	238,601
Harry and Helen Gray Culture & Politics Prog	15,426	21,027
Other Programs	4,382	3,445
Steven Muller New Initiatives Program	295,794	137,428
The German Marshal Fund of the US Program	7,008	3,419
Thyssen: China Project	30,000	19,957
	<u>\$ 1,222,997</u>	<u>\$ 1,206,644</u>

Note 4 Contributions and Grants

Contributions and grants consist of the following as of June 30, 2017 and 2016 were as follows:

	2017	2016
Unrestricted member and trustee contributions	\$ 636,571	\$ 136,400
Global Leadership Award Dinner revenues	1,146,422	624,870
Unrestricted contributions and support	<u>1,782,993</u>	<u>761,270</u>
Restricted member and trustee contributions	618,753	646,888
Other restricted grants	73,850	190,588
Restricted contributions and support	<u>692,603</u>	<u>837,476</u>
Total contributions and support	<u>\$ 2,475,596</u>	<u>\$ 1,598,746</u>

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

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 5 Investments

The Institute has invested its endowment funds into the University's Endowment Pool and in a money market fund at a bank. The Institute considers its investment in the JHU Endowment Fund as an investment available for sale. Contributions into the endowment pool, reinvested earnings and realized gains for the years ending on June 30, 2017 and 2016 are as follows:

	2017		
	Cost	Market	Accumulated Unrealized Gain (Loss)
Investment in JHU Endowment Fund			
Humanities endowment	\$ 640,200	\$ 1,186,780	\$ 546,580
Board designated endowment	1,380,167	1,598,830	218,663
Total invested in JHU endowment	2,020,367	2,785,610	765,243
Invested in Financial Institutions			
Money market funds	172,116	172,116	-
	<u>\$ 2,192,483</u>	<u>\$ 2,957,726</u>	<u>\$ 1,530,486</u>
	2016		
	Cost	Market	Accumulated Unrealized Gain (Loss)
Investment in JHU Endowment Fund			
Humanities endowment	\$ 640,200	\$ 1,107,186	\$ 466,986
Board designated endowment	1,380,167	1,491,602	111,435
Total invested in JHU endowment	2,020,367	2,598,788	578,421
Invested in Financial Institutions			
Money market funds	146,937	146,937	-
	<u>\$ 2,167,304</u>	<u>\$ 2,745,725</u>	<u>\$ 1,156,842</u>

Note 6 Fair Value Measurement

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

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

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

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 6 Fair Value Measurement (continued)

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

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

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2016:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Shares in JHU				
Endowment Pool	\$ -	\$ -	\$ 2,598,788	\$ 2,598,788
Deposits at commercial banks	146,937	-	-	146,937
Total	\$ 146,937	\$ -	\$ 2,598,788	\$ 2,745,725

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

**Notes to Financial Statements
June 30, 2017 and 2016**

Note 7 Lease Obligation

The University has entered into a lease of the office space used by the Institute at 1755 Massachusetts Avenue, NW, in Washington, D.C. The Institute reimburses the University for its use of this space. The non-renewable lease period extends to 31 March 2019 and is classified as an operating lease. Rent expense was \$320,434 and \$296,819 for the years ended June 30, 2017 and 2016, respectively. The Institute's minimum lease obligation for years ending on June 30 are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 274,181
2019	251,333

Note 8 Tax Status

The financial statements do not include a provision for income taxes because the Institute is a tax-exempt organization. Should that status be challenged in the future, the Institute's 2013, 2014 and 2015 tax years are open for examination by the IRS. The IRS has not classified the Institute as a private foundation.

Note 9 Pension and Post-Retirement Benefit Plans

The Institute participates in a multi-employer defined contributions pension plan of the University. The plan is available to substantially all employees. The Institute pays its portion of the cost of this plan through the fringe benefits charge it is assessed by the University. During the years ended June 30, 2017 and 2016, the Institute contributed \$218,238 and \$243,444 into the University's fringe benefits pool, respectively. The retirement plan portion of the benefit plan contribution was \$53,956 and \$54,376 respectively.

Note 10 Endowment

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

Interpretation of Relevant Law

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

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

**The American Institute for Contemporary German Studies
at The Johns Hopkins University, Inc.
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**Notes to Financial Statements
June 30, 2017 and 2016**

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

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

Return Objectives and Risk Parameters

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

Spending Policy

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

Strategies Employed for Achieving Objectives

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

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

**Notes to Financial Statements
June 30, 2017 and 2016**

Endowment Net Asset Composition by type of fund as of June 30, 2017:

	Unrestricted Board Designated	Permanently Restricted	Total
Balance as of June 30, 2015:			
Original cost	\$ 2,471,938	\$ 300,000	\$ 2,771,938
Fair market value	\$ 2,890,195	\$ 300,000	\$ 3,190,195
Additional contributions	-	-	-
Change in fair market value	(144,470)	-	(144,470)
Balance as of June 30, 2016:			-
Original cost	\$ 2,471,938	\$ 300,000	\$ 2,771,938
Fair market value	\$ 2,745,725	\$ 300,000	\$ 3,045,725
Additional contributions	25,000	-	25,000
Change in fair market value	212,001	-	212,001
Balance as of June 30, 2017:			-
Original cost	\$ 2,496,938	\$ 300,000	\$ 2,796,938
Fair market value	\$ 2,957,726	\$ 300,000	\$ 3,257,726

Note 11 Sublease

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

	Rental Income
2018	\$ 57,490
2019	44,369

Note 12 Subsequent Events

Management evaluated subsequent events through September 11, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to September 11, 2017, that provided additional evidence about conditions that existed at June 30, 2017, have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2017.

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

Supplementary Information

June 30, 2017 and 2016

William A. Russ, CPA, PC

Independent Auditor's Report on Supplementary Information

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

I have audited the financial statements of The American Institute for Contemporary German Studies at the Johns Hopkins University, Inc., as of and for the years ended 30 June 2017 and 2016, and have issued my report thereon dated 11 September 2017 which contained unqualified opinions on those financial statements. My audits were performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Statement of Expenditures by Program is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Gwynn Oak, Maryland
11 September 2017

**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, 2017 and 2016 (summarized)**

	2017		2016	
	Direct Costs	Shared Costs	Total Charged to Programs	Total Charged to Programs
Arconic Workforce Project	\$ 25,915	\$ 34,784	\$ 60,699	\$ 19,673
Bosch Workforce Project	21,782	31,383	53,165	20,392
Geoeconomics Program	57,845	56,524	114,369	127,410
DAAD Fellowships 2013 - 2017	114,716	79,304	194,020	173,351
Defense White Paper Project	-	39,746	39,746	-
Mercatur Stiftung - Conf. on Intl. Reconciliation	-	-	-	170,469
ERP German & American Relationship in Change	-	-	-	223,221
ERP Immigration and Integration Project	96,794	80,180	176,974	135,718
ERP The Next Generation Project	107,578	86,053	193,631	17,601
F.H. Langhammer Policy Initiatives	8,646	16,708	25,354	25,699
Fritz Thyssen China Project	19,957	38,292	58,249	33,209
German Marshall Fund	21,410	25,619	47,029	49,881
Harry and Helen Gray Culture & Politics Program	53,474	56,456	109,930	84,472
Foreign & Domestic Policy Studies Program	146,066	19,426	165,492	271,279
Society, Culture & Politics Program	1,540	31,517	33,057	43,715
Steven Muller New Initiatives Fund	48,876	26,763	75,639	30,701
Shared program costs (net)	-	190	190	96
Visiting Fellowships	1,398	22,802	24,200	21,164
	<u>725,997</u>	<u>645,748</u>	<u>1,371,744</u>	<u>1,448,051</u>

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