



INSTITUTE *for* GLOBAL ENGAGEMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INSTITUTE FOR GLOBAL ENGAGEMENT

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Independent Auditors' Report

Board of Directors
Institute for Global Engagement
Arlington, Virginia

We have audited the accompanying financial statements of the Institute for Global Engagement (the Organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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 auditors consider 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Institute for Global Engagement

Emphasis of Matter

As discussed in Note 2 of the financial statements, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
October 1, 2019

Certified Public Accountants

INSTITUTE FOR GLOBAL ENGAGEMENT

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

Assets	
Cash and Cash Equivalents	\$ 120,032
Grants and Contributions Receivable	103,487
Advance to Grant Partners	6,514
Net Fixed Assets	<u>2,940</u>
Total Assets	<u><u>\$ 232,973</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts Payable and Accrued Expenses	\$ 19,100
Due to Grant Partners	30,010
Deferred Revenue	<u>51,652</u>
Total Liabilities	100,762
Net Assets	
Without Donor Restrictions	3,354
With Donor Restrictions	<u>128,857</u>
Total Net Assets	<u>132,211</u>
Total Liabilities and Net Assets	<u><u>\$ 232,973</u></u>

See accompanying Notes to Financial Statements.

INSTITUTE FOR GLOBAL ENGAGEMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Grants and Contributions	\$ 581,893	\$ 86,609	\$ 668,502
Federal Grants	427,669	-	427,669
Publications	11,530	-	11,530
Other Income	641	-	641
Net Assets Released from Restrictions	<u>137,592</u>	<u>(137,592)</u>	<u>-</u>
Total Revenue	1,159,325	(50,983)	1,108,342
Expenses			
Program Services	874,540	-	874,540
Management and General	191,027	-	191,027
Fundraising	<u>135,253</u>	<u>-</u>	<u>135,253</u>
Total Expenses	<u>1,200,820</u>	<u>-</u>	<u>1,200,820</u>
Change in Net Assets	(41,495)	(50,983)	(92,478)
Net Assets, Beginning of Year	<u>44,849</u>	<u>179,840</u>	<u>224,689</u>
Net Assets, End of Year	<u><u>\$ 3,354</u></u>	<u><u>\$ 128,857</u></u>	<u><u>\$ 132,211</u></u>

See accompanying Notes to Financial Statements.

INSTITUTE FOR GLOBAL ENGAGEMENT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	China	Middle East	Southeast Asia	Central Asia	CWLF	Other	Total Program Services	Management and General	Fundraising	Total
Payroll	\$ 25,137	\$ 621	\$ 137,199	\$ 4,609	\$ 79,792	\$ 16,229	\$ 263,587	\$ 57,917	\$ 57,756	\$ 379,260
Printing and Design	-	2,290	145	-	356	619	3,410	1,409	4,922	9,741
Postage and Delivery	-	1,924	280	-	121	2,803	5,128	522	1,759	7,409
Equipment Rental	-	-	-	-	-	-	-	70	1,769	1,839
Insurance	-	-	-	-	-	240	240	6,797	-	7,037
Occupancy	-	-	-	-	1,066	-	1,066	2,274	-	3,340
Telephone and Internet	323	65	382	60	788	-	1,618	11,223	-	12,841
Depreciation and Amortization	-	-	-	-	-	-	-	4,171	-	4,171
Travel and Transportation	8,953	4,506	54,688	41,687	32,058	2,865	144,757	16,447	6,375	167,579
Miscellaneous	2	111	7	149	-	-	269	3,682	1,079	5,030
Professional Services	6,500	2,325	47,690	-	36,275	61,053	153,843	83,138	61,060	298,041
Dues and Subscriptions	-	-	-	-	435	60	495	-	400	895
Event Fees	17,015	-	39,033	-	725	-	56,773	2,226	-	58,999
Office Supplies	-	43	84	-	672	-	799	849	15	1,663
Special Project - Beijing	165,779	-	-	-	-	-	165,779	-	-	165,779
Special Project - Laos	-	-	51,883	-	-	-	51,883	-	-	51,883
Special Project - MENA	-	24,052	-	-	-	-	24,052	-	-	24,052
Gifts and Entertainment	-	251	170	-	420	-	841	302	118	1,261
Total Expenses	\$ 223,709	\$ 36,188	\$ 331,561	\$ 46,505	\$ 152,708	\$ 83,869	\$ 874,540	\$ 191,027	\$ 135,253	\$ 1,200,820

See accompanying Notes to Financial Statements.

INSTITUTE FOR GLOBAL ENGAGEMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities	
Change in Net Assets	\$ (92,478)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used in Operating Activities	
Depreciation and Amortization	4,171
Loss on Disposal of Fixed Assets	342
<u>(Increase) Decrease in Assets</u>	
Grants and Contributions Receivable	(40,593)
Advance to Grant Partners	(6,383)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable and Accrued Expenses	13,083
Deferred Revenue	51,652
Due to Grant Partners	<u>(6,516)</u>
Net Cash Used in Operating Activities	(76,722)
Cash Flows from Investing Activities	
Purchases of Fixed Assets	<u>(907)</u>
Net Cash Used in Investing Activities	<u>(907)</u>
Net Decrease in Cash and Cash Equivalents	(77,629)
Cash and Cash Equivalents, Beginning of Year	<u>197,661</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 120,032</u></u>

See accompanying Notes to Financial Statements.

INSTITUTE FOR GLOBAL ENGAGEMENT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Institute for Global Engagement (the Organization), is a nonprofit organization incorporated in the Commonwealth of Pennsylvania in April 2000. The Organization promotes sustainable environments for religious freedom worldwide through local partners. The Organization studies the impact of faith on state and society, encourages governments to protect religious freedom, and equips citizens to exercise that freedom responsibly. The Organization is supported primarily by contributions from individuals and grants from both foundations and the federal government.

The Organization's major programs consist of the following:

China: In China, the Organization works with the Chinese government and civil society partners to bring together key stakeholders from within and outside of China that would not otherwise meet; facilitating strategic and candid dialogue that leads to respect, reconciliation, and ultimately, resolution of issues of critical importance related to religious freedom and ethnic and religious minorities.

Middle East: The Organization works throughout the Middle East - to include Iraq, Jordan, Syria, Lebanon, and Egypt - engaging the suffering Church in support of those of all faiths who have suffered, prominently through The Cradle Fund, which was established to help rescue, restore, and return Middle Eastern Christians and other religious and ethnic groups to a home where they can live and practice their faith free from fear.

Southeast Asia: The Organization has been building relationships in Laos and Vietnam for nearly fifteen years, becoming a trusted partner with each region's local government and religious leaders in order to broaden its work toward greater religious freedom. Our unique and innovative programs are changing mindsets, equipping and building a network of reformers, and educating government officials and faith leaders on the legal protection of religious freedom for all.

Central Asia: Beginning in 2006, Uzbekistan was designated a "Country of Particular Concern" (CPC) for religious freedom by the State Department. In July 2018, an official Uzbek delegation visited Washington, DC. During the visit, the Organization and the Uzbekistan embassy co-hosted an event where Uzbek cabinet ministers and parliament leaders announced major initiatives to reform legislation and government policies to improve religious freedom in the country. In September 2018, the Organization led a delegation to Uzbekistan to meet with government officials, academics, and religious leaders. During the visit, the Organization signed a Memorandum of Understanding (MOU) with the Uzbekistan president's think tank and a local NGO to partner on research, conferences, workshops, and delegation visits to build religious freedom in the country. In December 2018, the State Department removed Uzbekistan from the CPC list in recognition of the "substantial changes" that have been made. Once again, the Organization and the Uzbekistan embassy co-hosted a panel discussion at the National Press Club, "Uzbekistan: An Emerging Model for the Muslim World - Marking Uzbekistan's Progress in Advancing Religious Freedom."

INSTITUTE FOR GLOBAL ENGAGEMENT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Center for Women, Faith, and Leadership: CWFL supports and equips women of faith to assume and advance in leadership roles and influence decision making in global affairs, with particular emphasis in areas where women are most affected yet have had the least influence.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions.

The Organization’s IRS Forms 990, *Return of Organization Exempt from Income Tax*, and related state filings are subject to examination by federal and state taxing authorities generally for three years after filing.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and other highly liquid instruments with maturities of less than three months, when purchased or donated.

Fixed Assets

The Organization capitalizes all fixed asset acquisitions in excess of \$500. Fixed assets are recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation is provided on a straight-line basis over the estimated useful life of the asset.

Advance to Grant Partners and Due to Grant Partners

The Organization supports other organizations around the world, and its programs facilitate dialogue, research, and education to work toward a shared understanding of the meaning and benefits of religious liberty. The Organization advances agreed-upon amounts to the partners, who then submit reports to account for how the funds are spent. The amounts due to grant partners are funds spent by the partners that will be reimbursed by the Organization.

Contributions and Promises to Give

The Organization 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,

INSTITUTE FOR GLOBAL ENGAGEMENT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Promises to Give (Continued)

that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. Restricted contributions, for which the restrictions are met in the year received, are considered without donor restrictions for financial statement purposes.

Grant Revenue

Grant revenue is recognized to the extent of expenditures incurred for each grant. Revenues from grants are accrued as costs are incurred and projected losses are provided for in their entirety at the time of determination. Costs incurred in excess of cash received are reflected as grants and contributions receivable. Amounts received in advance of incurring costs are reflected as deferred revenue.

Grants and Contributions Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances and consists largely of unbilled expenses on federal grants. Contributions receivable consists of contributions received but not yet deposited before year-end. Grants and contributions receivable are considered to be fully collectible by management, and accordingly, no allowance for doubtful accounts is considered necessary.

Grant revenues derived from the U.S. Government are subject to adjustment upon audit by various government agencies; however, management does not expect such adjustments to have a material effect on the financial position or results of future operations.

Functional Expenses

The costs of providing various programs and other activities have been reported in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Organization treats all costs as direct costs except general administration and other indirect expenses. Joint costs are prorated individually as direct costs to each category and to each grant, if applicable, using a base most appropriate to the particular cost being prorated.

Direct costs are costs that are identified specifically with a project and therefore charged to that project. The accounting system records these costs as they are incurred within the series of accounts assigned for that purpose. The Organization maintains adequate internal controls to insure that no cost is charged both directly and indirectly to any grant.

Indirect costs are costs incurred for common or joint objectives and therefore cannot be readily and specifically identified with a particular direct project or activity. These costs are grouped into common pool(s) and distributed to benefiting activities by a cost allocation process.

INSTITUTE FOR GLOBAL ENGAGEMENT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

For the year ended December 31, 2018, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification and provides information about liquidity and availability of resources. The changes required by the update have been applied retrospectively to all periods presented. A key change under ASU 2016-14 is the terminology of net asset classes used in these financial statements. Amounts previously reported as temporarily restricted and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. Additionally, ASU 2016-14 requires a presentation of expenses on a functional basis.

3. LIQUIDITY AND AVAILABLE RESOURCES

The Organization's cash flows vary from month-to-month depending upon the timing of contributions and grants.

As of December 31, 2018, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2019:

Cash and Cash Equivalents	\$ 120,032
Grants and Contributions Receivable	103,487
Less Amounts Donor Restricted for Purpose	<u>(128,857)</u>
Financial Assets Available for General Expenditure	<u>\$ 94,662</u>

4. EMPLOYEE STATUS AND RETIREMENT PLAN

For the year ended December 31, 2018, the common law employees of the Organization were leased from Insperity, a Professional Employer Organization. The Organization retained its status of employer and control over day-to-day job duties for all common law employees. Through Insperity, the Organization provides a 401(k) retirement plan (the Plan). The Organization contributes three percent of each employee's gross salary. No minimum contribution is required by employees in order to qualify for the three percent contribution from the Organization. For the year ended December 31, 2018, the Organization made contributions of \$7,037 to the Plan.

INSTITUTE FOR GLOBAL ENGAGEMENT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

5. CONCENTRATIONS

The Organization maintains cash balances at a financial institution in the Washington, D.C., metropolitan area. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Organization's cash balances exceeded the FDIC limits. Management believes the risk in these situations is minimal.

As of December 31, 2018, approximately 58% of grants and contributions receivable was due from one donor. For the year ended December 31, 2018, approximately 30% of contributions and grant revenue was received from one donor.

6. FIXED ASSETS

As of December 31, 2018, the Organization's fixed assets consisted of the following:

Description	
Computer Equipment	\$ 14,112
Software	1,119
Website	13,500
	<u>28,731</u>
Less Accumulated Depreciation and Amortization	(25,791)
Net Fixed Assets	<u>\$ 2,940</u>

7. INDIRECT COSTS

Indirect costs on federal grants and other contracts are recorded at the rate approved in the agreement. For the year ended December 31, 2018, the provisional indirect rates was 43.5%.

8. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2018, the Organization's net assets with donor restrictions were available for the following purposes:

Purpose	
The Cradle Fund	\$ 39,105
Center for Women, Faith, and Leadership	28,027
China	59,536
Vietnam	2,189
Total Temporarily Restricted Net Assets	<u>\$ 128,857</u>

For the year ended December 31, 2018, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Purpose	
The Cradle Fund	\$ 12,232
Center for Women, Faith, and Leadership	99,260
China	26,100
Net Assets Released from Restrictions	<u>\$ 137,592</u>

INSTITUTE FOR GLOBAL ENGAGEMENT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through October 1, 2019, which is the date the financial statements were available to be issued.