

INSTITUTE FOR GLOBAL ENGAGEMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



Certified Public Accountants

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors Institute for Global Engagement

Opinion

We have audited the accompanying financial statements of **Institute for Global Engagement** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Institute for Global Engagement** as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Institute for Global Engagement** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 **Institute for Global Engagement'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

Our 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 our 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, we:

- 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 **Institute for Global Engagement'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Institute for Global Engagement's** ability to continue as a going concern for a reasonable period of time.

We are 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.

Kositzka, Wicks and Company

Alexandria, Virginia
April 15, 2022

Institute for Global Engagement

Statements of Financial Position December 31,

2021**2020****Assets****Current assets**

Cash and cash equivalents	\$ 803,659	\$ 1,189,371
Grants and contributions receivable	215,500	244,356
	<u>1,019,159</u>	<u>1,433,727</u>

Property and equipment, net of accumulated depreciation

Total assets	<u>2,952</u>	<u>3,253</u>
	<u>\$ 1,022,111</u>	<u>\$ 1,436,980</u>

Liabilities and net assets**Current liabilities**

Accounts payable and accrued expenses	\$ 4,546	\$ 6,964
Due to grant partners	-	29
Grant advances	611,928	650,393
SBA Paycheck Protection Program loan	-	83,424
Total liabilities	<u>616,474</u>	<u>740,810</u>

Net assets

Without donor restrictions	40,938	(35,011)
With donor restrictions	364,699	731,181
	<u>405,637</u>	<u>696,170</u>
Total liabilities and net assets	<u>\$ 1,022,111</u>	<u>\$ 1,436,980</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Institute for Global Engagement

Statement of Activities for the year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Contributions and grants	\$ 1,016,794	\$ 30,000	\$ 1,046,794
Contract revenue	9,000	-	9,000
Interest income	4,102	-	4,102
Other income	81	-	81
Royalty income	13,224	-	13,224
SBA Paycheck Protection Program loan	83,424	-	83,424
Net assets released from restrictions	396,482	(396,482)	-
Total support and revenue	1,523,107	(366,482)	1,156,625
Expenses			
Program			
China	220,897	-	220,897
Southeast Asia	159,248	-	159,248
Central Asia	53,690	-	53,690
Center for Women, Faith and Leadership (CWFL)	271,742	-	271,742
Other	404,035	-	404,035
	<u>1,109,612</u>	<u>-</u>	<u>1,109,612</u>
Management and administration	152,288	-	152,288
Development	185,258	-	185,258
Total expenses	1,447,158	-	1,447,158
Change in net assets	75,949	(366,482)	(290,533)
Net assets, beginning of year	(35,011)	731,181	696,170
Net assets, end of year	\$ 40,938	\$ 364,699	\$ 405,637

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Institute for Global Engagement

Statement of Activities for the year ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Contributions and grants	\$ 625,790	\$ 865,372	\$ 1,491,162
Interest income	684	-	684
Other income	160	-	160
Royalty income	6,615	-	6,615
Net assets released from restrictions	355,942	(355,942)	-
Total support and revenue	989,191	509,430	1,498,621
Expenses			
Program			
China	75,310	-	75,310
Souteast Asia	146,484	-	146,484
Central Asia	59,395	-	59,395
Center for Women, Faith and Leadership (CWFL)	125,536	-	125,536
Other	214,917	-	214,917
	<u>621,642</u>	<u>-</u>	<u>621,642</u>
Management and administration	242,472	-	242,472
Development	175,526	-	175,526
Total expenses	1,039,640	-	1,039,640
Change in net assets	(50,449)	509,430	458,981
Net assets, beginning of year	15,438	221,751	237,189
Net assets, end of year	\$ (35,011)	\$ 731,181	\$ 696,170

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Institute for Global Engagement

Statement of Functional Expenses for the year ended December 31, 2021

Expenses	Program expenses					Total program	Management & administration	Development	Total
	China	Southeast Asia	Central Asia	CWFL	Other				
Associates and honoraria	\$ -	\$ 12,050	\$ -	\$ 30,625	\$ 70,239	\$ 112,914	\$ -	\$ -	\$ 112,914
Bank and credit card fees	10	202	-	56	157	425	3,219	-	3,644
Depreciation	-	-	-	-	-	-	1,021	-	1,021
Insurance	-	-	-	-	240	240	6,575	-	6,815
Interest	-	-	-	-	-	-	754	-	754
Operational expenses	-	721	-	3,782	298	4,801	-	3,102	7,903
Personnel expenses	54,888	119,161	25,543	120,214	291,673	611,479	90,751	56,284	758,514
Publications	-	16	9,219	2,075	27,550	38,860	1,015	13,293	53,168
Professional services	15,804	12,194	18,178	35,975	13,577	95,728	36,723	102,553	235,004
Rent and utilities	-	-	-	-	-	-	3,353	-	3,353
Special projects-Beijing	149,563	-	-	-	-	149,563	-	-	149,563
Special projects-Vietnam	-	14,765	-	-	-	14,765	-	-	14,765
Telephone and internet	632	101	-	2,980	-	3,713	8,743	4,208	16,664
Travel and transportation	-	38	750	76,035	301	77,124	134	5,818	83,076
Total expenses by function	\$ 220,897	\$ 159,248	\$ 53,690	\$ 271,742	\$ 404,035	\$ 1,109,612	\$ 152,288	\$ 185,258	\$ 1,447,158

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Institute for Global Engagement

Statement of Functional Expenses for the year ended December 31, 2020

Expenses	Program expenses					Total program	Management & administration	Development	Total
	China	Southeast Asia	Central Asia	CWFL	Other				
Associates and honoraria	\$ -	\$ 16,000	\$ -	\$ 22,000	\$ 45,446	\$ 83,446	\$ -	\$ -	\$ 83,446
Bank and credit card fees	3	-	-	-	-	3	3,755	-	3,758
Depreciation	-	-	-	-	-	-	1,131	-	1,131
Insurance	240	-	-	-	-	240	6,588	-	6,828
Interest	-	-	-	-	-	-	406	-	406
Operational expenses	-	600	-	1,279	895	2,774	1,183	1,196	5,153
Personnel expenses	35,344	116,440	7,214	88,829	168,270	416,097	123,217	62,576	601,890
Publications	-	-	-	198	231	429	1,835	20,007	22,271
Professional services	9,444	9,444	52,181	11,084	-	82,153	88,290	89,938	260,381
Rent and utilities	-	-	-	-	-	-	2,796	-	2,796
Special projects-Beijing	30,000	-	-	-	-	30,000	-	-	30,000
Special projects-Vietnam	-	4,000	-	-	-	4,000	-	-	4,000
Telephone and internet	246	-	-	1,823	75	2,144	12,223	70	14,437
Travel and transportation	33	-	-	323	-	356	1,048	1,739	3,143
Total expenses by function	\$ 75,310	\$ 146,484	\$ 59,395	\$ 125,536	\$ 214,917	\$ 621,642	\$ 242,472	\$ 175,526	\$ 1,039,640

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Institute for Global Engagement

Statements of Cash Flows for the years ended December 31,

2021

2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ (290,533)	\$ 458,981
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,021	1,131
Noncash contribution of securities	(9,012)	-
Proceeds from sales of contributed investments	9,012	-
SBA Paycheck Protection Program loan forgiveness	(83,424)	-
(Increase) decrease in operating assets		
Grants and contributions receivable	28,856	(222,901)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(2,418)	(31,446)
Due to grant partners	(29)	(1,576)
Grant advances	(38,465)	650,393
Net cash (used in) provided by operating activities	<u>(384,992)</u>	<u>854,582</u>
Cash flows from investing activities		
Purchase of property and equipment	(720)	-
Net cash used in investing activities	<u>(720)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from SBA Paycheck Protection Program loan	-	83,424
Net cash provided by financing activities	<u>-</u>	<u>83,424</u>
Net change in cash and cash equivalents	(385,712)	938,006
Cash and cash equivalents, beginning of year	1,189,371	251,365
Cash and cash equivalents, end of year	<u>\$ 803,659</u>	<u>\$ 1,189,371</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Institute for Global Engagement

Notes to Financial Statements December 31, 2021 and 2020

1. Organization

The Institute for Global Engagement (IGE or the Organization) is a nonprofit, nonpartisan organization incorporated in the Commonwealth of Pennsylvania in April 2000. IGE catalyzes freedom of faith worldwide so that everyone has the ability to live what they believe. It studies the impact of faith on state and society, it encourages governments to protect religious freedom, and it equips citizens to exercise that freedom responsibly.

In China, IGE met with scholars and faith leaders and issued a report to a major Western government on practical steps to build religious freedom. In Southeast Asia, IGE facilitates religious freedom and peace building trainings. In Central Asia, IGE facilitated religious freedom training for government officials and faith leaders. The Center for Women, Faith & Leadership (CWFL) equips women of faith in the areas of religious freedom, conflict resolution, and peace building. Other programs of IGE include a quarterly journal, various publications and films that focus on the role of religion in global affairs.

IGE's revenue sources include individual contributions, foundations and government grants.

2. Significant accounting policies

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions imposed by donors or grantors. Accordingly, net assets and changes therein are classified and reported in two categories as described below.

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note 10 for more information on net assets with donor restrictions.

Use of estimates

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

Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. It is the Organization's policy not to classify certificates of deposit as cash and cash equivalents. FDIC insurance is \$250,000 per depositor, per insured bank. IGE also holds cash in a credit union account insured by the American Share Insurance (ASI) with coverage of \$250,000 per account. Cash amounts in the credit union exceeded the ASI coverage by \$532,939 and \$849,540 at December 31, 2021 and 2020. To date, IGE has not experienced losses in any of these accounts.

See independent auditor's report.

Institute for Global Engagement

Notes to Financial Statements December 31, 2021 and 2020

Advance to grant partners and Due to grant partners

IGE 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. IGE advances agreed-upon amounts to the partners, who then submit reports to account for how the funds are spent. There were no outstanding advances for the years ended December 31, 2021 and 2020. The amounts due to grant partners were reimbursed by IGE.

Property and equipment

Property and equipment is recorded at cost if purchased and at fair value if donated. The Organization's policy is to capitalize purchases of property and equipment. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years.

Compensated absences

Employees of the Organization are entitled to paid vacation depending on job classifications, length of service, and other factors. The accrued vacation policy disallows the carryover of unused vacation hours to the following year. Accordingly, there is no accrued vacation balance.

Revenue recognition

Contract revenue requires certain performance obligations and the incurrence of allowable qualifying expenses. The revenue from these exchange transactions are transferred over time as the performance obligations are met. Royalty income is generated from the subscription sales of "The Review of Faith & International Affairs", published quarterly. Royalty income is recognized over the period of the subscription, during the calendar year. There were no contract liabilities related to contract revenue or royalty income for the years ended December 31, 2021 and 2020.

Contributions and unconditional promises to give are recognized when the notification of a beneficial interest is received. IGE 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, or if they are designated as support for future periods. When a donor 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 statement of activities as net assets released from restrictions.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Sponsorships are conditioned upon certain performance requirements; consequently, at December 31, 2021 and 2020, conditional contributions of \$611,928 and \$650,393 have been recorded as deferred grant advances.

Grants and contributions receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. In 2021 and 2020, grants receivable consist unconditional grants promised but not yet received. Contributions receivable consists of contributions received but not deposited before year-end. Management considers grants and contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. Grants and contributions receivable as of December 31, 2021 and 2020 are due in one year or less.

Functional classification of expenses

The costs of providing the programs and services are summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and services benefited. Expenses have been allocated among the various programs, management and administration and fundraising functions based on a combination of specific identification and allocation by management. The expenses that are allocated include personnel expenses and professional services.

See independent auditor's report.

Institute for Global Engagement

Notes to Financial Statements December 31, 2021 and 2020

Fair value of financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, grants and contributions receivable. Financial liabilities with carrying values approximating fair value include accounts payable, accrued expenses, due to grant partners and grant advances. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

Income taxes

The Organization is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. The Organization did not have a liability for unrelated business income for the years ended December 31, 2021 and 2020.

The material jurisdictions subject to potential examination by taxing authorities include the U.S., Pennsylvania, and Virginia. Management does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on IGE's results of operations. Tax years that remain subject to examination by the IRS are 2018 through 2021.

3. Liquidity and availability

Financial assets available for general expenditure, that is, without donor and other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Checking and savings accounts	\$ 803,659	\$ 1,189,371
Grants and contributions receivable	215,500	244,356
	<u>1,019,159</u>	<u>1,433,727</u>
Less amounts donor restricted for purpose	(364,699)	(731,181)
	<u>\$ 654,460</u>	<u>\$ 702,546</u>

IGE's goal is to maintain financial assets at a level equal to 90-180 days of operating expenses. The cash flows of the Organization vary from month-to-month depending upon the timing of contributions and grants.

4. Property and equipment

Property and equipment consist of the following at December 31, 2021:

	2021	2020	Useful life
Computers and equipment	\$ 14,985	\$ 15,925	5 years
Website	13,500	13,500	3 years
	<u>28,485</u>	<u>29,425</u>	
Less accumulated depreciation	(25,533)	(26,172)	
	<u>\$ 2,952</u>	<u>\$ 3,253</u>	

Depreciation expense was \$1,021 and \$1,131 for the years ended December 31, 2021 and 2020.

See independent auditor's report.

Institute for Global Engagement

Notes to Financial Statements December 31, 2021 and 2020

5. Indirect costs

Indirect costs on federal grants and other contracts are recorded at the rate approved in the agreement. For the years ended December 31, 2021 and 2020, the provisional indirect rate was 46.76 percent.

6. Employee status and benefit plans

For the years ended December 31, 2021 and 2020, the common law employees of IGE were leased from Insperity, a Professional Employer Organization. IGE retained its status of employer and control over day-to-day job duties over all common law employees.

IGE maintains a defined contribution plan that covers all eligible employees and contributed three percent of each employee's gross salary each pay period regardless of whether the employee elects to contribute for the years ended December 31, 2021 and 2020. IGE contributed \$13,157 and \$11,271 to the Plan for the years ended December 31, 2021 and 2020. The contributions are included in the personnel expenses on the statements of functional expenses.

7. Revenue from contracts with customers

The following table disaggregates IGE's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2021 and 2020:

	2021	2020
Performance obligations satisfied over time		
Contract revenue	\$ 9,000	\$ -
Royalty income	13,224	6,615
	<u>\$ 22,224</u>	<u>\$ 6,615</u>

8. Concentration

The Organization received 71 percent of its contributions from two donors and 72 percent of its contributions from three donors during the years ended December 31, 2021 and 2020, respectively.

9. SBA Paycheck Protection Program loan

Under the "Coronavirus Aid, Relief, and Economic Security (CARES) Act" funds were appropriated for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses and nonprofits harmed by COVID-19. The Organization obtained a loan through the SBA Paycheck Protection Program of \$83,424 during May 2020. The Organization complied with the loan requirements and the loan was fully forgiven during the year ended December 31, 2021.

See independent auditor's report.

Institute for Global Engagement

Notes to Financial Statements December 31, 2021 and 2020

10. Donor restricted net assets

For the year ended December 31, 2021, net assets were restricted for the following purposes:

	<u>2020</u>	<u>Additions</u>	<u>Releases</u>	<u>2021</u>
Center for Women, Faith & Leadership	\$ 500,000	\$ -	\$ (147,023)	\$ 352,977
Myanmar	15,000	-	(13,449)	1,551
China	180,599	-	(180,599)	-
Other programs	35,582	30,000	(55,411)	10,171
	<u>\$ 731,181</u>	<u>\$ 30,000</u>	<u>\$ (396,482)</u>	<u>\$ 364,699</u>

For the year ended December 31, 2020, net assets were restricted for the following purposes:

	<u>2019</u>	<u>Additions</u>	<u>Releases</u>	<u>2020</u>
Center for Women, Faith & Leadership	\$ 3,000	\$ 500,000	\$ (3,000)	\$ 500,000
Myanmar	6,000	25,000	(16,000)	15,000
China	-	188,557	(7,958)	180,599
Vietnam	-	15,000	(15,000)	-
Care for AIDS	5,830	-	(5,830)	-
Other programs	206,921	136,815	(308,154)	35,582
	<u>\$ 221,751</u>	<u>\$ 865,372</u>	<u>\$ (355,942)</u>	<u>\$ 731,181</u>

11. Subsequent events

The Organization assessed events occurring subsequent to December 31, 2021, through April 15, 2022, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. Due to the ongoing COVID-19 pandemic, IGE's in-person events continue to be postponed. No events have occurred that would require adjustment to or disclosure in the financial statements.

See independent auditor's report.