

INSTITUTE FOR GLOBAL ENGAGEMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



Certified Public Accountants

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Institute for Global Engagement

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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, 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 **Institute for Global Engagement** as of December 31, 2020 and 2019, 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.

Kositzka, Wicks and Company

Alexandria, Virginia
March 22, 2021

Institute for Global Engagement

Statements of Financial Position December 31,

2020**2019****Assets****Current assets**

Cash and cash equivalents	\$ 1,189,371	\$ 251,365
Grants and contributions receivable	244,356	21,455
	<u>1,433,727</u>	<u>272,820</u>

Property and equipment, net of accumulated depreciation

	3,253	4,384
Total assets	<u>\$ 1,436,980</u>	<u>\$ 277,204</u>

Liabilities and net assets**Current liabilities**

Accounts payable and accrued expenses	\$ 6,964	\$ 38,410
Due to grant partners	29	1,605
Grant advances	650,393	-
SBA Paycheck Protection Program loan	83,424	-
Total liabilities	<u>740,810</u>	<u>40,015</u>

Net assets

Without donor restrictions	(35,011)	15,438
With donor restrictions	731,181	221,751
	<u>696,170</u>	<u>237,189</u>
Total liabilities and net assets	<u>\$ 1,436,980</u>	<u>\$ 277,204</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, 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	<u>989,191</u>	<u>509,430</u>	<u>1,498,621</u>
Expenses			
Program			
China	75,310	-	75,310
Southeast 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	<u>1,039,640</u>	<u>-</u>	<u>1,039,640</u>
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	<u>\$ (35,011)</u>	<u>\$ 731,181</u>	<u>\$ 696,170</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, 2019

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Contributions and grants	\$ 624,313	\$ 577,349	\$ 1,201,662
Grants - U.S. Government	185,024	-	185,024
Interest income	190	-	190
Loss on currency exchange	(1,093)	-	(1,093)
Other income	993	-	993
Royalty income	14,086	-	14,086
Net assets released from restrictions	484,455	(484,455)	-
Total support and revenue	<u>1,307,968</u>	<u>92,894</u>	<u>1,400,862</u>
Expenses			
Program			
China	163,804	-	163,804
Southeast Asia	351,717	-	351,717
Central Asia	77,981	-	77,981
Center for Women, Faith and Leadership (CWFL)	194,975	-	194,975
Other	46,662	-	46,662
	<u>835,139</u>	<u>-</u>	<u>835,139</u>
Management and administration	265,731	-	265,731
Development	195,014	-	195,014
Total expenses	<u>1,295,884</u>	<u>-</u>	<u>1,295,884</u>
Change in net assets	12,084	92,894	104,978
Net assets, beginning of year	<u>3,354</u>	<u>128,857</u>	<u>132,211</u>
Net assets, end of year	<u>\$ 15,438</u>	<u>\$ 221,751</u>	<u>\$ 237,189</u>

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	CWLF	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

Statement of Functional Expenses for the year ended December 31, 2019

Expenses	Program expenses					Total program	Management & administration	Development	Total
	China	Southeast Asia	Central Asia	CWLF	Other				
Associates and honoraria	\$ 400	\$ 41,333	\$ -	\$ 26,900	\$ 36,376	\$ 105,009	\$ 7,391	\$ 1,950	\$ 114,350
Bank and credit card fees	3	61	310	27	10	411	3,253	-	3,664
Depreciation	-	-	-	-	-	-	2,245	-	2,245
Event fees and expenses	-	92,181	1,000	17,671	1,000	111,852	1,191	175	113,218
Insurance	240	-	-	-	-	240	6,814	-	7,054
Interest	-	-	-	-	-	-	605	-	605
Operational expenses	55	-	-	2,126	217	2,398	992	1,042	4,432
Personnel expenses	58,849	125,823	20,883	82,063	8,064	295,682	123,556	98,237	517,475
Publications	-	2,677	-	1,210	835	4,722	892	4,348	9,962
Professional services	7,860	6,412	28,418	12,720	100	55,510	79,023	66,064	200,597
Rent and utilities	-	-	-	-	-	-	2,472	-	2,472
Special projects-Beijing	88,257	-	-	-	-	88,257	-	-	88,257
Special projects-Laos	-	5,683	-	-	-	5,683	-	-	5,683
Special projects-Vietnam	-	55,072	-	-	-	55,072	-	-	55,072
Telephone and internet	389	242	246	326	60	1,263	12,012	-	13,275
Travel and transportation	7,751	22,233	27,124	51,932	-	109,040	25,285	23,198	157,523
Total expenses by function	\$ 163,804	\$ 351,717	\$ 77,981	\$ 194,975	\$ 46,662	\$ 835,139	\$ 265,731	\$ 195,014	\$ 1,295,884

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,

2020

2019

Cash flows from operating activities

Change in net assets	\$ 458,981	\$ 104,978
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,131	2,245
(Increase) decrease in operating assets		
Grants and contributions receivable	(222,901)	82,032
Advances to grant partners	-	6,514
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(31,446)	19,310
Due to grant partners	(1,576)	(28,405)
Grant advances	650,393	-
Deferred revenue	-	(51,652)
Net cash provided by operating activities	<u>854,582</u>	<u>135,022</u>

Cash flows from investing activities

Purchase of property and equipment	-	(3,689)
Net cash used in investing activities	<u>-</u>	<u>(3,689)</u>

Cash flows from financing activities

Proceeds from SBA Paycheck Protection Program loan	83,424	-
	<u>83,424</u>	<u>-</u>

Net change in cash and cash equivalents

	938,006	131,333
Cash and cash equivalents, beginning of year	251,365	120,032
Cash and cash equivalents, end of year	<u>\$ 1,189,371</u>	<u>\$ 251,365</u>

Supplemental disclosure of cash flow information

Cash paid for interest	\$ -	\$ -
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

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, 2020 and 2019

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 promotes sustainable environments for religious freedom worldwide through local partners. 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 (CWLF) 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 \$849,540 at December 31, 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, 2020 and 2019

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, 2020 and 2019. The amounts due to grant partners are funds spent by the partners that will be 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 with a cost of \$500 or more. 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

Federal grants and certain other grants are conditional upon certain performance obligations and the incurrence of allowable qualifying expenses. The revenue from these exchange transactions are transferred over time. Grant payments incurred in advance of the allowable qualifying expenses and performance obligations are recorded as deferred revenue in the statements of financial position.

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, 2020, conditional contributions of \$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 and consisted largely of unbilled expenses on federal grants in 2019. In 2020, grants receivable consist of two 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, 2020 and 2019 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, 2020 and 2019

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 deferred revenue. 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, 2020 and 2019.

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 2017 through 2020.

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:

	2020	2019
Checking	\$ 1,189,371	\$ 251,365
Grants and contributions receivable	244,356	21,455
	<u>1,433,727</u>	<u>272,820</u>
Less amounts donor restricted for purpose	(731,181)	(221,751)
	<u>\$ 702,546</u>	<u>\$ 51,069</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, 2020:

	2020	2019	Useful life
Computers and equipment	\$ 15,925	\$ 12,960	5 years
Website	13,500	13,500	3 years
	<u>29,425</u>	<u>26,460</u>	
Less accumulated depreciation	(26,172)	(22,076)	
	<u>\$ 3,253</u>	<u>\$ 4,384</u>	

Depreciation expense was \$1,131 and \$2,245 for the years ended December 31, 2020 and 2019.

See independent auditor's report.

Institute for Global Engagement

Notes to Financial Statements December 31, 2020 and 2019

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, 2020 and 2019, the provisional indirect rate was 46.76 percent.

6. Employee status and benefit plans

For the years ended December 31, 2020 and 2019, 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, 2020 and 2019. IGE contributed \$11,271 and \$7,250 to the Plan for the years ended December 31, 2020 and 2019. The contributions are included in the personnel expenses on the statement 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, 2020 and 2019:

	2020	2019
Performance obligations satisfied over time		
Grants - U.S. Government	\$ -	\$ 185,024
Other grants	-	51,654
Royalty income	6,615	14,086
	<u>\$ 6,615</u>	<u>\$ 250,764</u>

The following table provides information about significant changes in contract assets for the years ended December 31, 2020 and 2019:

	2019	Additions	Satisfactions	2020
Contract assets - grants receivable	<u>\$ 21,455</u>	<u>\$ -</u>	<u>\$ (21,455)</u>	<u>\$ -</u>

	2018	Additions	Satisfactions	2019
Contract assets - grants receivable	<u>\$ 7,810</u>	<u>\$ 199,255</u>	<u>\$ (185,610)</u>	<u>\$ 21,455</u>

8. Concentration

The Organization received 58 and 66 percent of its contributions from three donors during the ended December 31, 2020 and 2019, respectively.

See independent auditor's report.

Institute for Global Engagement

Notes to Financial Statements December 31, 2020 and 2019

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 has obtained a loan through the SBA Paycheck Protection Program of \$83,424 during May 2020. The Organization has complied with the loan requirements so that the loan can be forgiven. As of the date the financial statements were available to be issued, the application for forgiveness was not yet available.

10. Donor restricted net assets

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

	2019	Additions	Releases	2020
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>

For the year ended December 31, 2019, net assets were restricted for the following purposes:

	2018	Additions	Releases	2019
The Cradle Fund	\$ 39,105	\$ -	\$ (39,105)	\$ -
Center for Women, Faith & Leadership	28,027	3,000	(28,027)	3,000
Myanmar	-	20,000	(14,000)	6,000
China	59,536	-	(59,536)	-
Vietnam	2,189	-	(2,189)	-
Care for AIDS	-	9,165	(3,335)	5,830
Other programs	-	545,184	(338,263)	206,921
	<u>\$ 128,857</u>	<u>\$ 577,349</u>	<u>\$ (484,455)</u>	<u>\$ 221,751</u>

11. Subsequent events

The Organization assessed events occurring subsequent to December 31, 2020, through March 22, 2021 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.