



WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Financial Statements

September 30, 2019 and 2018

(With Independent Auditors' Report Thereon)

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Table of Contents

	Page
Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Schedules	
1 Schedules of Financial Position	29
2 Schedules of Activities	30



KPMG LLP
Suite 900
8350 Broad Street
McLean, VA 22102

Independent Auditors' Report

The Board of Trustees
Woodrow Wilson International Center for Scholars:

We have audited the accompanying financial statements of Woodrow Wilson International Center for Scholars, (the Center) which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, 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 U.S. generally accepted accounting principles; 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 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 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 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 the Woodrow Wilson International Center for Scholars as of September 30, 2019 and 2018, and the results of its operations and cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in note 2 to the financial statements, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended September 30, 2019. Our opinion is not modified with respect to this matter.

Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included in the schedules of financial position and activities (schedules 1 and 2) are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated 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 our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

March 31, 2020

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Statements of Financial Position

September 30, 2019 and 2018

Assets	2019	2018
	<u> </u>	<u> </u>
Current assets:		
Cash and fund balance with treasury	\$ 13,571,783	9,686,480
Short-term investments (notes 4 and 5)	9,065,359	8,812,585
Receivables:		
Contributed facilities (note 6)	3,440,000	3,440,000
Contract costs and fees	1,268,490	1,093,465
Other contributions (note 7)	1,449,000	271,250
Subscriptions and other	134,459	8,618
Prepaid costs and advance payments	<u>185,352</u>	<u>163,897</u>
Total current assets	29,114,443	23,476,295
Investments (notes 4 and 5)	40,170,957	41,268,761
Other contributions (note 7)	413,456	—
Equipment and leasehold improvements, net (note 8)	2,286,348	1,996,612
Wilson Memorial	225,000	225,000
Contributed facilities, net (note 6)	<u>27,039,342</u>	<u>30,479,342</u>
Total assets	\$ <u><u>99,249,546</u></u>	\$ <u><u>97,446,010</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,101,356	2,883,987
Grants payable	2,197,959	1,924,219
Deferred revenue	<u>5,057,477</u>	<u>3,986,201</u>
Total current and total liabilities	<u>10,356,792</u>	<u>8,794,407</u>
Net assets:		
Without donor restrictions (note 9)	23,510,892	21,931,415
With donor restrictions (note 9)	<u>65,381,862</u>	<u>66,720,188</u>
Total net assets	<u>88,892,754</u>	<u>88,651,603</u>
Total liabilities and net assets	\$ <u><u>99,249,546</u></u>	\$ <u><u>97,446,010</u></u>

See accompanying notes to financial statements.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Statements of Activities

Years ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions:		
Revenues:		
Appropriations	\$ 10,800,241	10,763,136
Grants and contributions	4,748,552	4,354,098
Investment income (note 4)	442,846	1,184,995
Other income	<u>128,634</u>	<u>78,210</u>
Total revenues	16,120,273	16,380,439
Net assets released from restrictions (notes 6 and 9)	<u>19,438,640</u>	<u>19,199,807</u>
Total revenues and other increases without donor restrictions	<u>35,558,913</u>	<u>35,580,246</u>
Expenses (note 17):		
Program services:		
Fellows	5,967,466	5,577,804
Services to fellows	1,554,517	1,594,264
Conferences and special projects	<u>16,873,701</u>	<u>17,231,024</u>
Total program services	<u>24,395,684</u>	<u>24,403,092</u>
Supporting services:		
General and administrative	7,977,870	8,052,877
Fund-raising	<u>1,605,882</u>	<u>1,301,757</u>
Total supporting services	<u>9,583,752</u>	<u>9,354,634</u>
Total expenses	<u>33,979,436</u>	<u>33,757,726</u>
Change in net assets without donor restrictions	<u>1,579,477</u>	<u>1,822,520</u>
Net assets with donor restriction:		
Contributions	17,981,213	15,142,723
Investment income (note 4)	121,325	737,985
Net assets released from restrictions (notes 6 and 9)	<u>(19,438,640)</u>	<u>(19,199,807)</u>
Change in net assets with donor restrictions	(1,336,102)	(3,319,099)
Change in net assets with donor restrictions – contributions	<u>(2,224)</u>	<u>201,993</u>
Change in net assets	241,151	(1,294,586)
Net assets, beginning of year	<u>88,651,603</u>	<u>89,946,189</u>
Net assets, end of year	\$ <u><u>88,892,754</u></u>	\$ <u><u>88,651,603</u></u>

See accompanying notes to financial statements.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Statements of Cash Flows

Years ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 241,151	(1,294,586)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	450,126	303,136
Loss (gain) on disposal of assets	14,232	(4,000)
Net loss (gain) on investments	333,002	(1,177,347)
Decrease in contributed facilities receivable	3,440,000	3,440,000
(Increase) decrease in other receivables	(1,892,072)	482,618
(Increase) decrease in prepaid costs and advances	(21,455)	132,403
Increase (decrease) in accounts payable and accrued expenses	217,369	(175,710)
Increase in grant payable	273,740	281,346
Increase in deferred revenue	<u>1,071,276</u>	<u>1,104,530</u>
Net cash provided by operating activities	<u>4,127,369</u>	<u>3,092,390</u>
Cash flows from investing activities:		
Purchase of equipment and leasehold improvements	(754,094)	(675,354)
Purchase of investments	(38,728,873)	(37,544,857)
Sale of investments	<u>39,240,901</u>	<u>37,472,107</u>
Net cash used in investing activities	<u>(242,066)</u>	<u>(748,104)</u>
Net increase in cash and fund balance with Treasury	3,885,303	2,344,287
Cash and fund balance with Treasury, beginning of year	<u>9,686,480</u>	<u>7,342,193</u>
Cash and fund balance with Treasury, end of year	<u>\$ 13,571,783</u>	<u>9,686,480</u>

See accompanying notes to financial statements.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

(1) Organization, Mission, and Federal Support

The Woodrow Wilson International Center for Scholars (the Center), a publicly supported, nonprofit organization, was created by the Congress of the United States, as a living memorial – an institution that would serve as a visible tribute to our 28th president by conducting activities that symbolize and strengthen relations between the world of learning and the world of public affairs.

The Center was established under the Woodrow Wilson Memorial Act of 1968 (P.L. 90-637) as an international center for advanced studies. The Center's purpose is accomplished through its program activities, including supporting international fellows and guest scholars, organizing meetings ranging from small seminars to major international conferences, multimedia publications to disseminate the Center's program information, and producing the digital *Wilson Quarterly* and various radio, television, webcasts and presentations to provide scholarly reports on important domestic and global issues.

Approximately one-third of the Center's operating budget is funded from its annual federal appropriation. Future appropriations are subject to the action of Congress and are therefore not assured. The Center received a federal appropriation of \$12,000,000 for fiscal year 2019 through the Consolidated Appropriations Act, 2019 (Public Law 116-6), which shall remain available until September 30, 2020. The Center received a federal appropriation of \$12,000,000 for fiscal year 2018 through the Consolidated Appropriations Act, 2018 (Public Law 115-141), which remained available until September 30, 2019. In addition to the federal appropriations, additional significant federal support is provided through the provision of office space at no cost to the Center (note 6).

(2) Summary of Significant Accounting Policies

(a) Net Assets

The Center's net assets, support and revenue, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. This category includes net assets the Board has designated to function as an endowment.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations.

Donor-imposed stipulation for a finite period of time and/or for a purpose shall result in the removal of restriction through the passage of time and/or accomplishment of the purpose. When donor-imposed stipulations are fulfilled, the donor restrictions are released, resulting in the reclassification of net assets with donor restrictions to net assets without donor restrictions.

Other donor-imposed stipulations restrict the use of the net assets in perpetuity. Current Center policy and donor stipulations permit the Center to use a portion of the income derived from these invested endowment net assets for expenditure.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

without donor restrictions unless their use has donor-imposed restrictions. The release of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(b) Revenue Recognition

Contributions, including unconditional pledges, are recognized as revenues in the period that donors make unconditional promises to give. Conditional contributions are not recognized until such conditions are substantially met.

Gifts of land, buildings, and equipment are reported as revenues without restriction unless explicit donor restrictions specify how the assets must be used. Contributed long-lived assets with explicit time or purpose restrictions are reported as restricted revenue (note 6).

Federal appropriations revenues are recognized as exchange transactions to the extent reimbursable costs are incurred. The unexpended portion of the appropriation, for which reimbursable costs have not been incurred, are reported as deferred revenue on the statement of financial position. Unused appropriations are refunded five years after the period of availability (note 15).

All contributions receivable due over periods greater than one year are recorded at their discounted estimated net realizable value.

(c) Functional Allocation of Expenses

The costs of providing various programs and support activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(d) Fund Balance with Treasury

The fund balance with Treasury represents appropriated funds that are available to pay current liabilities and authorized purchase commitments relative to goods or services.

(e) Investments

The Center's investments are reported at their fair values based on quoted market prices or, with respect to alternative investments, at estimated fair value using net asset value (NAV) as a practical expedient. These estimated values are provided by external investment managers and are reviewed by and evaluated by the Center. Due to inherent uncertainties of these estimates, these values may differ from the value that would have been reported had a ready market for such investments existed. Changes in the fair value are recognized in the statements of activities. Gains and losses on investments are reported consistent with donor restrictions on investment earnings, if any.

Investments are classified as current or long-term based on investment strategies and management's expected use of funds.

(f) Equipment and Leasehold Improvements

Furniture and computer equipment is recorded at cost if purchased, or recorded at the fair value as of the date of the gift if contributed. Equipment acquired by transfer from government agencies is

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

capitalized at the transfer price or at estimated fair value, taking into consideration expected use and current condition. Depreciation is recorded on a straight-line basis over the estimated useful lives of assets as follows:

Computer equipment	5 years
Furniture and fixtures	5 to 7 years

Leasehold improvements are recorded at cost and are depreciated over the estimated useful life of the asset or the remaining length of the lease, whichever is less.

(g) *Wilson Memorial*

In the memorial hallway, there is a permanent bas-relief of Woodrow Wilson that was commissioned and is displayed in the Ronald Reagan Building and International Trade Center. The cost of this bas-relief is capitalized and not depreciated.

(h) *Grants Payable*

The Center provides fellowship grants which are expensed and recorded as liabilities at the time the Center receives a signed offer letter from the recipient indicating acceptance of the grant.

(i) *Other Income*

Other income consists of royalties from sales of publications, honoraria received by executives of the Center for appearances, and other miscellaneous revenues.

(j) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions may affect reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The financial statements include a significant estimate by management to value a commitment from the federal government to provide office space to the Center through August of 2028 at no cost (note 6).

(k) *Fair Value of Financial Instruments*

Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 820, *Fair Value Measurements*, establishes, among other things, a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy used by the Center are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair values of the financial instruments represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Center's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Center based on the reports provided by the fund managers, including the latest audited statements as well as advice from our investment advisors.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Exchange-traded fund (ETF)/Mutual Funds – fixed income, ETF/mutual funds – equity, and Institutional mutual fund – fixed income comprised of exchange-traded funds, are measured using quoted market prices at the reporting date multiplied by the quantity held and are disclosed in Level 1.
- Certificates of deposit (CDs), commercial paper, commingled funds-fixed income, and corporate bonds are measured based on a pricing service or estimated by utilizing a yield-based matrix system to arrive at an estimated market value. CDs, commercial paper and corporate bonds are disclosed in Level 2.
- Investments in absolute return funds and ETF/mutual funds-equity are reported at estimated fair value using NAV provided by fund managers as a practical expedient. Management reviews and evaluates the values provided by the fund managers and agrees with the valuation methods and assumptions used in determining the fair value. Investments measured using NAV are classified as Level 2 if they are redeemable at or near year-end otherwise they are considered Level 3 (NAV).

(I) Recently Adopted Accounting Standards

In August 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* to improve the clarity of the not-for-profit financial statements. ASU No. 2016-14 was adopted by the Wilson Center for fiscal year 2019 and applied the changes retrospectively. The major changes in the financial statement presentation resulting from implementation of this ASU include:

- (i) Net assets presentation now requires two net asset classes, "net assets without donor restrictions" (formerly "unrestricted net assets") and "net assets with donor restrictions" (formerly "temporarily

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

restricted and permanently restricted net assets). The following table summarizes the impact of adopting ASU No. 2016-14 on beginning net assets

	<u>As previously presented</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Net assets:				
Unrestricted	\$ 21,931,415	21,931,415	—	21,931,415
Temporarily restricted	50,011,117	—	50,011,117	50,011,117
Permanently restricted	<u>16,709,071</u>	—	16,709,071	16,709,071
Total net assets ending FY 2018	\$ <u>88,651,603</u>			
Net assets beginning FY 2019, as presented		\$ <u>21,931,415</u>	<u>66,720,188</u>	<u>88,651,603</u>

- (ii) Expenses shall be reported by both functional and natural expenses classification. The face of the financial statements will continue to show expenditures by functional classification. The required presentation of expenses by their natural and functional classification in one location is within note 17.
- (iii) Liquidity and availability of resources to meet cash needs within one year of the balance sheet date shall be presented with both quantitative and qualitative information (note 3).
- (vi) Investment-related expenses shall be netted with investment returns.

(m) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

(3) Availability and Liquidity of Resources

Financial assets available within one year for general expenditures:

The Center receives an annual federal appropriation to support salaries and other expenses necessary in carrying out the provisions of the Woodrow Wilson Memorial Act of 1968. The Center is also an Internal Revenue Service designated 501(c)3 not-for-profit organization. Approximately one-third of the Center's annual activities are funded through direct annual Federal appropriation. The remaining two-thirds of annual activities are funding from private donor grants and gifts, government grants and contracts, and investment income. Ending fiscal year 2019, the Center had \$7.7 million in cash balance with Treasury available for general expenditures, liabilities, and other obligations in the coming year. Another \$5.8 million of nonappropriated funds were on deposit at the Center's financial institution ending fiscal year 2019 for total available cash of \$13.5 million.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

In addition to the available appropriated fund balance with Treasury ending September 30, 2019, the Center received the fiscal year 2020 annual appropriations of \$14,000,000 through P.L. 116-94. The fiscal year 2020 annual appropriation is a \$2 million increase over prior year.

It is also important to note the General Services Administration granted the Center use of office space in the Ronald Reagan Building and International Trade Center for 30 years ending in fiscal year 2028.

The following reconciles total financial assets at September 30, 2019 to financial assets available to meet cash needs for general expenditures (operating expenses, capital, and debt service) with one year.

	<u>2019</u>
Financial assets at year-end:	
Cash and cash equivalents	\$ 13,571,783
Accounts receivable	1,268,490
Contributions receivable – current	1,449,000
Investments	<u>49,236,316</u>
Total financial assets	65,525,589
Adjustments for amounts not available for general expenditures within one year:	
Endowment investment net assets	<u>(37,916,824)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 27,608,765</u>

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

(4) Investments

Investments at September 30 consist of the following:

	<u>2019</u>	<u>2018</u>
Operating funds:		
Cash and cash equivalents	\$ 6	101,268
CDs and commercial paper	8,232,729	7,998,109
Corporate bonds	—	199,819
Institutional mutual fund – fixed income	<u>3,086,757</u>	<u>2,650,913</u>
Total operating funds	<u>11,319,492</u>	<u>10,950,109</u>
Endowment funds:		
Cash and cash equivalents	251,933	322,342
ETF/mutual funds – fixed income	5,425,643	5,250,974
Comingled funds	1,777,723	—
ETF/mutual funds – equity	24,442,006	23,685,927
Absolute return funds	<u>6,019,519</u>	<u>9,871,994</u>
Total endowment funds	<u>37,916,824</u>	<u>39,131,237</u>
Total investments	<u>\$ 49,236,316</u>	<u>50,081,346</u>

Investment income for the years ended September 30 is comprised of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 897,173	745,633
Net realized and unrealized (losses) gains	<u>(333,002)</u>	<u>1,177,347</u>
	<u>\$ 564,171</u>	<u>1,922,980</u>

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

(5) Fair Value Measurements

The following tables present assets and liabilities that are measured at fair value on a recurring basis at September 30, 2019 and 2018:

		2019			
		<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>	<u>Total</u>
Cash and cash equivalents	\$	251,939	—	—	251,939
CDs and commercial paper		—	8,232,729	—	8,232,729
Corporate bonds		—	—	—	—
ETF/mutual funds – fixed income		5,425,643	—	—	5,425,643
Institutional mutual funds – fixed income		3,086,757	—	—	3,086,757
Commingled funds		—	1,777,723	—	1,777,723
ETF/mutual funds – equity		24,442,006	—	—	24,442,006
Absolute return funds		—	—	6,019,519	6,019,519
	\$	<u>33,206,345</u>	<u>10,010,452</u>	<u>6,019,519</u>	<u>49,236,316</u>

		2018			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$	423,609	—	—	423,609
CDs and commercial paper		—	7,998,110	—	7,998,110
Corporate bonds		—	199,819	—	199,819
ETF/mutual funds – fixed income		5,250,974	—	—	5,250,974
Institutional mutual funds – fixed income		2,650,913	—	—	2,650,913
ETF/mutual funds – equity		21,718,054	1,967,873	—	23,685,927
Absolute return funds		—	—	9,871,994	9,871,994
	\$	<u>30,043,550</u>	<u>10,165,802</u>	<u>9,871,994</u>	<u>50,081,346</u>

The following table summarizes the liquidity for each investment reported at estimated fair value based on the NAV at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Redemption</u>	<u>Redemption</u>
	<u>Fair value</u>	<u>Fair value</u>	<u>frequency</u>	<u>notice period</u>
Commingled funds (a)	\$ 1,777,723	—	Monthly	15 days
Absolute return funds (b)	6,019,519	9,871,994	Quarterly or annually	60–90 days
Total	<u>\$ 7,797,242</u>	<u>9,871,994</u>		

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

- (a) This class comprises of a single commingled fund, which invests in global REIT securities. The fund seeks to produce returns that mirror or exceed relevant benchmarks and is also intended to contribute growth and diversification characteristics to the overall portfolio.
- (b) This class is comprised of four separate hedge funds which are absolute return driven in nature. Each of the funds employ a variety of investment strategies with primary focus on event-driven equity and credit, distressed securities, and long/short credit.

The Center does not have any unfunded commitments related to the above investments as of September 30, 2019 or 2018.

(6) Contributed Building Facilities and Building Improvements

In 1997, the General Services Administration approved the Center's use of 80,000 square feet of office space in the Ronald Reagan Building and International Trade Center for 30 years, beginning August 1998, at no cost to the Center. At the time of the donation, the General Services Administration estimated the fair value of the space for the first year to be \$3.44 million. The Center recognized contribution revenue of \$103.2 million as restricted support at the time of the donation representing the estimated present value of the 30 year donation assuming the fair value cost of living rent increases would offset the required present value discounting of the contribution, estimated in 1997 at 5.2% per year. The unamortized discount of contributed facilities receivable is \$7.76 million and \$9.74 million, as of September 30, 2019 and 2018, respectively.

In accordance with accounting principles generally accepted in the United States, the Center's estimate of the fair value of the space is reviewed annually and revised based upon current market conditions. For the years ended September 30, 2019 and 2018, the Center was notified by the General Services Administration that the estimated value of the space utilized by the Center was approximately \$8.83 million and \$8.92 million, respectively, including building security.

In the accompanying statements of activities, the difference between the current estimated fair value of the space and the initial estimate of \$3.44 million is recognized as current year contribution revenue. The Center considers the annual increase in the estimated fair value to represent restricted revenue, consistent with the recognition of the original commitment of the donated space. Annually, the total current fiscal year's value of the space is recognized as in-kind rent expense.

The in-kind rent expense is a joint cost for activities hosted at the Center that included fundraising appeals. In fiscal year 2019, \$0.33 million was allocated to fundraising, \$3.32 million was allocated to fellows, \$0.37 million was allocated to services to fellows, \$2.62 million was allocated to conferences and special projects, and \$2.20 million was allocated to general and administrative expense. In fiscal year 2018, \$0.24 million was allocated to fundraising, \$3.12 million was allocated to fellows, \$0.39 million was allocated to services to fellows, \$2.97 million was allocated to conferences and special projects, and \$2.19 million was allocated to general and administrative expense.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

Changes in the net assets related to the original estimated value of the 30-year commitment of donated space is summarized as follows:

	Without donor restrictions	With donor restrictions	Total
In-kind contribution revenue recognized in 1997 \$	—	103,200,000	103,200,000
Cumulative amount released from restriction as of September 30, 2017	65,840,658	(65,840,658)	—
Cumulative in-kind rent expense as of September 30, 2017	(65,840,658)	—	(65,840,658)
2018 Release from restriction	3,440,000	(3,440,000)	—
2018 In-kind rent expense	(3,440,000)	—	(3,440,000)
Net assets as of September 30, 2018	—	33,919,342	33,919,342
2019 Release from restriction	3,440,000	(3,440,000)	—
2019 In-kind rent expense	(3,440,000)	—	(3,440,000)
Net assets as of September 30, 2019	\$ —	30,479,342	30,479,342

In August 2028, the full amount of the original estimate of the in-kind donated rent \$103.2 million will have been released from net assets with donor restriction to net assets without donor restriction.

The following table details the change in net assets related to the donated space in the accompanying statements of activities for the year ended September 30, 2019 and 2018:

	Without donor restrictions	With donor restrictions	2019 Total
Contribution revenue (increase in the estimated fair value of the space for 2019)	\$ —	5,391,255	5,391,255
Release from restriction:			
Annual release based upon original valuation of donated space	3,440,000	(3,440,000)	—
Release of the 2019 increase in fair value of the donated space	5,391,255	(5,391,255)	—
Total release from restriction	8,831,255	(3,440,000)	5,391,255
Total revenue	8,831,255	(3,440,000)	5,391,255
In-kind rent expense	8,831,255	—	8,831,255
Change in net assets – donated space \$	—	(3,440,000)	(3,440,000)

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2018 Total</u>
Contribution revenue (increase in the estimated fair value of the space for 2018)	\$ —	5,484,592	5,484,592
Release from restriction:			
Annual release based upon original valuation of donated space	3,440,000	(3,440,000)	—
Release of the 2018 increase in fair value of the donated space	5,484,592	(5,484,592)	—
Total release from restriction	<u>8,924,592</u>	<u>(3,440,000)</u>	<u>5,484,592</u>
Total revenue	8,924,592	(3,440,000)	5,484,592
In-kind rent expense	<u>8,924,592</u>	—	<u>8,924,592</u>
Change in net assets – donated space	<u>\$ —</u>	<u>(3,440,000)</u>	<u>(3,440,000)</u>

(7) Other Contributions Receivable

Contributions receivable at September 30, 2019 and 2018 were \$1,862,456 and \$271,250 respectively, consist of unconditional promises expected to be collected in the respective periods.

	<u>2019</u>	<u>2018</u>
Due in one year or less	\$ 1,449,000	271,250
Due between one year and five years	425,000	—
Less discounts	<u>(11,544)</u>	<u>—</u>
Total	<u>\$ 1,862,456</u>	<u>271,250</u>

All contributions receivable are considered fully collectible by management for the years ended September 30, 2019 and 2018.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

(8) Equipment and Leasehold Improvements

As of September 30, equipment and leasehold improvements, net consists of the following:

	2019	2018
Furniture and other equipment	\$ 4,536,590	4,040,786
Leasehold improvements	2,660,715	2,660,715
	7,197,305	6,701,501
Less accumulated depreciation and amortization	(4,910,957)	(4,704,889)
	\$ 2,286,348	1,996,612

(9) Net Assets

As of September 30, net assets consisted of the following:

	2019	2018
Net assets:		
With donor restrictions:		
Perpetual in nature	\$ 16,706,847	16,709,071
Purpose and/or time restricted	48,675,015	50,011,117
	65,381,862	66,720,188
Without donor restrictions:		
Designated by board for endowment	15,013,695	15,753,623
Undesignated	8,497,197	6,177,792
	23,510,892	21,931,415
Total net assets	\$ 88,892,754	88,651,603

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

Net assets with donor restrictions perpetual in nature shown below comprise the principal amount of endowment assets:

	<u>2019</u>	<u>2018</u>
General Center	\$ 9,202,097	9,202,097
Lee H. Hamilton Lecture Series	437,200	437,200
Nancy Tucker Memorial Lecture Series	50,304	50,304
Canada Institute	347,776	350,000
Kennan Institute	2,610,470	2,610,470
Latin American Program	37,500	37,500
Asia Program	4,000,000	4,000,000
West European Studies	21,500	21,500
	<u>\$ 16,706,847</u>	<u>16,709,071</u>

Net assets with donor restrictions for purpose and/or time are restricted for the following:

	<u>2019</u>	<u>2018</u>
Future use of contributed building facilities	\$ 30,479,342	33,919,342
General Center	1,397,644	528,482
Kennan Institute	6,932,515	6,377,573
Urban Studies Theme	21,556	41,096
Asia Program	3,547,719	2,813,030
Latin American Program	1,738,357	2,720,963
Canada Institute	349,003	203,903
Division of International Studies	152,375	125,267
Environmental Change and Security	213,161	210,227
Middle East Program	31,103	76,554
Africa Program	295,645	297,257
European Studies	2,007,078	925,471
Kissinger Institute	748,775	729,146
Polar Initiative	44,989	54,824
Science, Technology and Innovation Program	715,753	987,982
	<u>\$ 48,675,015</u>	<u>50,011,117</u>

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

During 2019 and 2018, the Center met donor-imposed requirements on certain net assets with donor restrictions and, therefore, released restrictions as follows:

	2019	2018
Future use of contributed building facilities	\$ 8,831,255	8,924,592
General Center	829,486	1,308,574
Kennan Institute	1,809,528	1,956,670
Asia Program	913,783	767,059
Latin American Program	2,833,715	2,573,166
Canada Institute	329,697	248,257
Division of International Studies	22,892	126,056
Environmental Change and Security	602,867	564,861
Middle East Program	97,025	236,897
Africa Program	502,313	382,260
Polar Initiative	428,729	16,375
European Studies	818,349	606,028
Kissinger Institute	380,567	533,123
Urban Studies Theme	114,530	145,523
Science, Technology and Innovation Program	923,904	810,366
	\$ 19,438,640	19,199,807

(10) Endowment

The Center's endowment consists of nine individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The District of Columbia adopted the Uniform Prudent Management of Institutional Fund Act (UPMIFA) in January 2008. The Center has determined that it is not required to follow the District of Columbia's version of UPMIFA as a matter of law, but it may choose to implement the standards of UPMIFA in a future period. The Center continues to follow the guidance in the Uniform Management of Institutional Funds Act of 1972 (UMIFA), which focuses on the prudent spending of the net appreciation of a fund. The Center has interpreted UMIFA as requiring the preservation of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

(b) Return Objectives and Risk Parameters

The Center has adopted and the Board of Trustees has approved the Statement of Investment Policies and Objectives for the Endowment Fund. This policy has identified an appropriate risk posture for the fund, stated expectations and objectives for the fund, provides asset allocation guidelines and establishes criteria to monitor and evaluate the performance results of the fund's managers. The Center expects the Endowment Fund to provide an average real rate of return of 5% annually.

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that over the long term will meet or exceed the total return of a composite benchmark index, which represents the fund's target asset allocation.

(d) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Center has a policy of appropriating for distribution each year up to 4% of its funds based on the moving average market value over the prior 36 months. In establishing this policy, the Center considered the long-term expected return on its funds. The Center expects the current spending policy to grow its endowment at an average of 1% real return annually.

(e) Redemption of Endowment Assets for Next Fiscal Year

For 2020, the Center has budgeted to redeem \$1,408,000 of the endowment fund assets to be distributed for operations. Consistent with the spending policy described above, this amount represents 4% of the endowment market value over a 36-month moving average.

Net asset classification by type of endowment as of September 30, 2019:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	22,903,129	22,903,129
Board-designated endowment funds	15,013,695	—	15,013,695
	<u>\$ 15,013,695</u>	<u>22,903,129</u>	<u>37,916,824</u>

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

Changes in endowment net assets for the year ended September 30, 2019:

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 15,753,623	23,377,614	39,131,237
Investment return:			
Investment income	382,565	284,360	666,925
Net appreciation (realized and unrealized gains)	<u>(238,525)</u>	<u>(163,035)</u>	<u>(401,560)</u>
Total investment income	144,040	121,325	265,365
Contributions	—	(2,224)	(2,224)
Appropriation of endowment assets for expenditure	<u>(883,968)</u>	<u>(593,586)</u>	<u>(1,477,554)</u>
	<u>\$ 15,013,695</u>	<u>22,903,129</u>	<u>37,916,824</u>

Net asset classification by type of endowment as of September 30, 2018:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	23,377,614	23,377,614
Board-designated endowment funds	<u>15,753,623</u>	—	<u>15,753,623</u>
	<u>\$ 15,753,623</u>	<u>23,377,614</u>	<u>39,131,237</u>

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

Changes in endowment net assets for the year ended September 30, 2018:

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 15,547,890	23,002,286	38,550,176
Investment return:			
Investment income	339,992	237,200	577,192
Net appreciation (realized and unrealized gains)	<u>734,871</u>	<u>500,785</u>	<u>1,235,656</u>
Total investment income	1,074,863	737,985	1,812,848
Contributions	—	201,993	201,993
Appropriation of endowment assets for expenditure	<u>(869,130)</u>	<u>(564,650)</u>	<u>(1,433,780)</u>
	<u>\$ 15,753,623</u>	<u>23,377,614</u>	<u>39,131,237</u>

(11) Related-Party Transactions

Under a contractual agreement, the Smithsonian Institution (the Smithsonian) provides fiscal and administrative services to the Center, which primarily include Federal appropriated funds accounting, human resource, general counsel, as well as related systems and security support. The Act of Congress that created the Center provides that the Secretary of the Smithsonian shall be a member of the Board of Trustees of the Center. The amount paid to the Smithsonian by the Center for these services totaled approximately \$423,000 and \$412,000 for the years ended September 30, 2019 and 2018, respectively.

As discussed in note 2(b), the Center receives pledges from donors. For the years ended September 30, 2019 and 2018, the Center received pledges from members of the Board of Trustees and management totaling approximately \$1,327,549 and \$342,884, respectively. As of September 30, 2019 and 2018, amounts promised by members of the Board of Trustees and management have been received.

(12) Retirement Plans

Employees of the Center are covered by retirement plans administered by the Smithsonian and Office of Personnel Management (OPM), in which substantially all Center employees are eligible to participate. OPM administers the retirement plans for federal employees, which are those employees who are paid with federal appropriated funds, and the Smithsonian administers the retirement plans for nonfederal employees.

Federal employees of the Center are covered by the Federal Employee Retirement System (FERS). The features of this system is defined in published government documents. Under this system, the Center withholds from each federal employee's salary a required percentage. The Center also contributes specified percentages. The Center's expense under this system for the years ended September 30, 2019 and 2018 was approximately \$528,000 and \$522,000, respectively, for retirement contributions.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

Employees covered by FERS are eligible to contribute to the U.S. government's Thrift Savings Plan (TSP), administered by the Federal Retirement Thrift Investment Board. A TSP account is automatically established for FERS-covered employees, and the Center makes a mandatory contribution of 1% of basic pay. FERS-covered employees are entitled to contribute up to \$19,000 and \$18,500 for 2019 and 2018, respectively, (IRS limit) to their TSP accounts, with the Center making matching contributions of up to 4% of basic pay in addition to the automatic 1% employer paid contribution.

TSP participants age 50 or older who are already contributing the maximum amount of contributions for which they are eligible may also make catch-up contributions. TSP participants need to make a separate election to request catch-up contributions. However, each year, the IRS limits the total amount of regular and catch-up contributions an employee can make. (For example, in 2019, they cannot exceed \$25,000: \$19,000 in regular contributions, and \$6,000 in catch-up contributions; in 2018, they cannot exceed \$24,500: \$18,500 in regular contributions, and \$6,000 in catch-up contributions.)

Most federal employees are eligible to enroll in the Federal Employees Health Benefit (FEHB) Program, which can provide post-retirement health benefits if certain conditions are met. OPM administers the program and is responsible for the reporting of liabilities. Currently, employer agencies are not required to make any contributions for post-retirement health benefits. OPM calculates the U.S. government's service cost for covered employees each fiscal year. The estimated amounts, which the Center has not recognized as imputed cost and imputed financing source related to these post-retirement benefits, are approximately \$410,539 and \$361,000 for the years ended September 30, 2019 and 2018, respectively.

Most federal employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain basic term life insurance, with the employee paying two-thirds of the cost and the Center paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life insurance coverage may be continued into retirement if certain requirements are met. OPM administers this program and is responsible for the reporting of liabilities. For each year, OPM calculates the U.S. government's service cost for the post-retirement portion of the basic coverage. Because the Center's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Center has recognized the entire service cost of the post-retirement portion of basic life coverage as an expense.

The Smithsonian administers for the Center a defined-contribution retirement plan for trust fund employees in which substantially all such employees are eligible to participate. Under the plan, the Center contributes specified percentages of employees' salaries that are used to purchase individual annuities, the rights to which are immediately vested with the employees. Employees can make voluntary contributions, subject to certain limitations. The Center's expense for this plan for fiscal year 2019 was \$632,800 and for fiscal year 2018 the expense was \$652,832.

In addition to the retirement plans, certain healthcare and life insurance benefits are made available to active and retired trust fund employees. The plan is contributory for retirees and requires payment of premiums and deductibles. Retiree contributions for premiums are established by an insurance carrier based on the average per capita cost of benefit coverage for all participants. As of September 30, 2019, the accrued benefit obligation under this plan was \$410,539 and is included in accounts payable and accrued expenses in the statement of financial position (See note 13 below for ASC 715-60 financial statement disclosure).

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

(13) Other Postretirement Employee Benefits (OPEB) for Trust Employees

The Center offers Trust fund employees who have met certain eligibility requirements healthcare and life insurance benefits.

Amounts recognized in fiscal year 2019 and 2018 in the accompanying financial statements for postretirement health and life benefits consist of the following:

	<u>2019</u>	<u>2018</u>
Change in postretirement benefit obligation:		
Benefit obligation, beginning of year:	\$ 363,184	552,106
Service cost	11,558	16,060
Interest cost	14,231	14,915
Plan participants' contributions	24,701	4,939
Actuarial gain (loss)	41,689	(199,054)
Benefits paid	<u>(44,824)</u>	<u>(25,782)</u>
Benefit obligation, end of year	<u>\$ 410,539</u>	<u>363,184</u>
Net periodic postretirement benefit cost:		
Service cost	\$ 11,558	16,060
Interest cost	14,231	14,915
Amortization of actuarial net gain	<u>(13,701)</u>	<u>(9,538)</u>
Net period benefit cost	<u>\$ 12,088</u>	<u>21,437</u>
OPEB changes other than net periodic postretirement benefit cost:		
Net actuarial gain (loss)	\$ 41,689	(199,054)
Amortization of actuarial net gain	<u>13,701</u>	<u>9,538</u>
Total OPEB changes other than net periodic postretirement benefit cost	<u>\$ 55,390</u>	<u>(189,516)</u>

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

(a) Actuarial Assumptions

The following assumptions were used in calculating the actuarial valuations at September 30, 2019:

Medical/Drug trend rate next year	7.00 %
Ultimate trend rate (ultimate trend rate reached in 2024)	5.00
Discount rate used to value end of year accumulated postretirement benefit obligation	3.33
Discount rate used to value net periodic postretirement benefit cost	4.03
Effect of a 1% increase in healthcare cost trend rate on:	
Interest cost plus service cost	\$ 1,519
Accumulated postretirement benefit obligation	14,095
Effect of a 1% decrease in healthcare cost trend rate on:	
Interest cost plus service cost	(1,280)
Accumulated postretirement benefit obligation	(12,170)

In October 2018, the Society of Actuaries released new data regarding observed mortality rate improvements (the RP-2014 Mortality Tables and the MP-2018 Mortality Improvement Scale). The updated mortality tables and the scale were considered by the Center and adopted as of September 30, 2019.

(b) Contributions and Benefit Payments

Employer contributions are equal to benefit payments net of retiree contributions paid each year. For the year ended September 30, 2019, the employer contribution and benefits paid were \$20,123 and \$44,824, respectively. For the year ended September 30, 2018, the employer contribution and benefits paid were \$20,843 and \$25,782 respectively.

Estimated future benefit payments are expected to be paid as follows:

	<u>Net benefit payment</u>
2020	\$ 17,560
2021	18,361
2022	20,459
2023	14,815
2024–2028	<u>93,207</u>
Total	<u>\$ 164,402</u>

(14) Income Taxes

The Center has been recognized by the Internal Revenue Service as exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is a public charity. However, the Center remains subject to income taxes on any net income that is derived from

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

ASC Topic 740, *Income Taxes*, requires that management evaluate tax positions taken by the Center and recognize a tax liability (or assets) if the Center has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Center has analyzed the tax positions taken and has concluded that as of September 30, 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in financial statements.

(15) Availability of Prior Years' Appropriations

The U.S. Congress enacted Public Law 101-510, the Defense Authorization Act, which determined an appropriation may remain open to pay obligated balances for five years following the appropriation availability period.

On September 30, 2019, the Center returned \$133,519 to the U.S. Treasury, which represented the unused fiscal year 2013 appropriation balance, which was available for a two-year period ending September 30, 2014.

On September 30, 2018, the Center returned \$141,497 to the U.S. Treasury, which represented the unused fiscal year 2012 appropriation balance, which was available for a two year period ending September 30, 2013.

Appropriations revenue is reconciled to the fiscal year 2019 and 2018 federal appropriations as follows:

	<u>2019</u>	<u>2018</u>
Appropriations revenue	\$ 10,800,241	10,763,136
Increase in unexpended appropriations	1,066,240	1,095,367
Returned unused appropriations	<u>133,519</u>	<u>141,497</u>
Fiscal year federal appropriations received	<u>\$ 12,000,000</u>	<u>12,000,000</u>

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

Federal expenses is reconciled to appropriations revenue, as follows:

	<u>2019</u>	<u>2018</u>
Total expenses	\$ 10,510,505	10,372,116
Less:		
Depreciation and amortization	(450,126)	(288,334)
Less:		
Loss on disposals	(14,232)	—
Add:		
Equipment and leasehold improvements	<u>754,094</u>	<u>679,354</u>
Appropriations revenue	<u>\$ 10,800,241</u>	<u>10,763,136</u>

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2019 and 2018

(16) Risks and Uncertainties

The Center invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near future and that such changes could materially affect the amounts reported.

(17) Expenses

The Wilson Center's costs to provide public service activities classified as conferences, outreach, and special projects as well as fellowship grants and the associated administrative cost of the fellowship program are summarized below. Expenses that can be identified with a specific program, support service, or as fundraising support are charged directly to their functional expense category according to their natural expenditure classification. The in-kind contributed services annual expense for leased facilities (note 6) is allocated across the functional categories based on head count. Other supporting services that provide general oversight, such as executive offices, accounting, budget, procurement, payroll, risk management, general counsel, human resources, administration, information technology, and facilities support services are included in management and general and are not allocated across the functional expenses categories. Development expenditures are included within the fundraising functional expense area and are not allocated.

The following table presents functional classification of expenses for the year ended September 30, 2019:

	<u>Employee compensation</u>	<u>Grants</u>	<u>Other expenses</u>	<u>Supplies and equipment</u>	<u>Depreciation</u>	<u>Total</u>
Program services						
Fellow s	\$ —	2,649,905	3,317,561	—	—	5,967,466
Service to fellow s	863,220	—	485,876	205,421	—	1,554,517
Conferences, outreach and special projects	<u>7,776,598</u>	<u>85,000</u>	<u>8,412,430</u>	<u>599,673</u>	<u>—</u>	<u>16,873,701</u>
Total program services	8,639,818	2,734,905	12,215,867	805,094	—	24,395,684
Support Services						
Fundraising	580,906	—	928,096	96,880	—	1,605,882
General and administrative	<u>4,839,121</u>	<u>—</u>	<u>2,430,376</u>	<u>244,015</u>	<u>464,358</u>	<u>7,977,870</u>
Total expenses \$	<u>14,059,845</u>	<u>2,734,905</u>	<u>15,574,339</u>	<u>1,145,989</u>	<u>464,358</u>	<u>33,979,436</u>

(18) Subsequent Events

Management has performed an evaluation of subsequent events through March 31, 2020, which is the date that the financial statements are available to be issued, noting no events which affect the financial statements as of September 30, 2019.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Schedule of Financial Position

September 30, 2019 and 2018

Assets	2019				2018			
	Trust		Federal	Totals	Trust		Federal	Totals
	Operating	Endowment			Operating	Endowment		
Current assets:								
Cash and fund balance with treasury	\$ 5,844,720	—	7,727,063	13,571,783	3,113,021	—	6,573,459	9,686,480
Short-term investments	9,065,359	—	—	9,065,359	8,812,585	—	—	8,812,585
Receivables:								
Contributed facilities	3,440,000	—	—	3,440,000	3,440,000	—	—	3,440,000
Contract costs and fees	1,268,490	—	—	1,268,490	1,093,465	—	—	1,093,465
Other contributions	1,449,000	—	—	1,449,000	271,250	—	—	271,250
Subscriptions and other	134,459	—	—	134,459	8,618	—	—	8,618
Prepaid costs and advance payments	185,352	—	—	185,352	163,897	—	—	163,897
Total current assets	21,387,380	—	7,727,063	29,114,443	16,902,836	—	6,573,459	23,476,295
Investments	2,254,133	37,916,824	—	40,170,957	2,137,524	39,131,237	—	41,268,761
Other contributions	413,456	—	—	413,456	—	—	—	—
Equipment and leasehold improvements, net	—	—	2,286,348	2,286,348	—	—	1,996,612	1,996,612
Wilson Memorial	225,000	—	—	225,000	225,000	—	—	225,000
Contributed facilities	27,039,342	—	—	27,039,342	30,479,342	—	—	30,479,342
	<u>\$ 51,319,311</u>	<u>37,916,824</u>	<u>10,013,411</u>	<u>99,249,546</u>	<u>49,744,702</u>	<u>39,131,237</u>	<u>8,570,071</u>	<u>97,446,010</u>
Liabilities and Net Assets								
Current liabilities:								
Accounts payable and accrued expenses	\$ 1,975,451	—	1,125,905	3,101,356	1,569,487	—	1,314,500	2,883,987
Grants payable	627,678	—	1,570,281	2,197,959	629,897	—	1,294,322	1,924,219
Deferred revenue	26,600	—	5,030,877	5,057,477	21,564	—	3,964,637	3,986,201
	<u>2,629,729</u>	<u>—</u>	<u>7,727,063</u>	<u>10,356,792</u>	<u>2,220,948</u>	<u>—</u>	<u>6,573,459</u>	<u>8,794,407</u>
Net assets:								
Without donor restrictions:								
Undesignated	6,210,849	—	2,286,348	8,497,197	4,181,180	—	1,996,612	6,177,792
Board designated for endowment	—	15,013,695	—	15,013,695	—	15,753,623	—	15,753,623
	<u>6,210,849</u>	<u>15,013,695</u>	<u>2,286,348</u>	<u>23,510,892</u>	<u>4,181,180</u>	<u>15,753,623</u>	<u>1,996,612</u>	<u>21,931,415</u>
With donor restrictions:								
Purpose and/or time restricted	42,478,733	6,196,282	—	48,675,015	43,342,574	6,668,543	—	50,011,117
Restricted by donor in perpetuity	—	16,706,847	—	16,706,847	—	16,709,071	—	16,709,071
Total net assets	<u>48,689,582</u>	<u>37,916,824</u>	<u>2,286,348</u>	<u>88,892,754</u>	<u>47,523,754</u>	<u>39,131,237</u>	<u>1,996,612</u>	<u>88,651,603</u>
Commitments and contingencies								
	<u>\$ 51,319,311</u>	<u>37,916,824</u>	<u>10,013,411</u>	<u>99,249,546</u>	<u>49,744,702</u>	<u>39,131,237</u>	<u>8,570,071</u>	<u>97,446,010</u>

See accompanying independent auditors' report.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Schedule of Activities

Years ended September 30, 2019 and 2018

	2019				2018			
	Trust		Federal	Totals	Trust		Federal	Totals
	Operating	Endowment			Operating	Endowment		
Net assets without donor restrictions:								
Revenues:								
Appropriations	\$ —	—	10,800,241	10,800,241	—	—	10,763,136	10,763,136
Grants and contributions	4,748,552	—	—	4,748,552	4,354,098	—	—	4,354,098
Investment income	298,806	144,040	—	442,846	110,132	1,074,863	—	1,184,995
Endowment payout	883,968	(883,968)	—	—	869,130	(869,130)	—	—
Other income	128,634	—	—	128,634	78,210	—	—	78,210
Total revenues	6,059,960	(739,928)	10,800,241	16,120,273	5,411,570	205,733	10,763,136	16,380,439
Net assets released from restrictions	19,438,640	—	—	19,438,640	19,199,807	—	—	19,199,807
Total unrestricted revenues and other increases	25,498,600	(739,928)	10,800,241	35,558,913	24,611,377	205,733	10,763,136	35,580,246
Expenses:								
Program services:								
Fellows	4,169,167	—	1,798,299	5,967,466	3,973,822	—	1,603,982	5,577,804
Services to fellows	373,810	—	1,180,707	1,554,517	390,146	—	1,204,118	1,594,264
Conferences and special projects	13,262,965	—	3,610,736	16,873,701	13,596,253	—	3,634,771	17,231,024
Total program services	17,805,942	—	6,589,742	24,395,684	17,960,221	—	6,442,871	24,403,092
Supporting services:								
General and administrative	4,057,107	—	3,920,763	7,977,870	4,123,632	—	3,929,245	8,052,877
Fund-raising	1,605,882	—	—	1,605,882	1,301,757	—	—	1,301,757
Total supporting services	5,662,989	—	3,920,763	9,583,752	5,425,389	—	3,929,245	9,354,634
Total expenses	23,468,931	—	10,510,505	33,979,436	23,385,610	—	10,372,116	33,757,726
Change in net assets without donor restriction	2,029,669	(739,928)	289,736	1,579,477	1,225,767	205,733	391,020	1,822,520
Net assets with donor restrictions:								
Net assets with donor restriction of purpose and/or time:								
Contributions	17,981,213	—	—	17,981,213	15,142,723	—	—	15,142,723
Investment income	—	121,325	—	121,325	—	737,985	—	737,985
Endowment payout	593,586	(593,586)	—	—	564,650	(564,650)	—	—
Net assets released from restrictions	(19,438,640)	—	—	(19,438,640)	(19,199,807)	—	—	(19,199,807)
Change in net assets with donor restrictions of purpose and/or time	(863,841)	(472,261)	—	(1,336,102)	(3,492,434)	173,335	—	(3,319,099)
Net assets with donor restriction in perpetuity								
Contributions	—	(2,224)	—	(2,224)	—	201,993	—	201,993
Change in net assets with donor restrictions in perpetuity	—	(2,224)	—	(2,224)	—	201,993	—	201,993
Change in net assets	\$ 1,165,828	(1,214,413)	289,736	241,151	(2,266,667)	581,061	391,020	(1,294,586)

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