



WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Financial Statements

September 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

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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, 2021 and 2020, 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, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 2(l) to the financial statements, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Center adopted



the contributions made portion of the standard during the year ended September 30, 2021. 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 supplementary information included in the schedules of financial position and activities (Schedules 1 and 2) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 in Schedule 1 and 2 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

McLean, Virginia
July 19, 2022

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Statements of Financial Position

September 30, 2021 and 2020

Assets	2021	2020
Assets:		
Cash and fund balance with treasury	\$ 13,360,724	14,086,459
Investments (notes 4 and 5)	60,976,036	53,832,591
Contributed facilities (note 6)	23,599,342	27,039,342
Accounts receivable and other assets (note 7)	3,613,110	3,184,660
Pledge receivable (note 8)	2,473,953	1,525,950
Equipment and leasehold improvements, net (note 9)	1,879,488	2,135,341
Total assets	<u>\$ 105,902,653</u>	<u>101,804,343</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 4,192,652	3,582,363
Grants payable	2,890,046	2,451,703
Deferred revenue	6,125,795	6,364,626
Total liabilities	<u>13,208,493</u>	<u>12,398,692</u>
Net assets:		
Without donor restrictions (note 10)	26,442,251	24,015,772
With donor restrictions (note 10)	66,251,909	65,389,879
Total net assets	92,694,160	89,405,651
Commitments and contingencies (notes 5, 10, 11 and 12)		
Total liabilities and net assets	<u>\$ 105,902,653</u>	<u>101,804,343</u>

See accompanying notes to financial statements.

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Statements of Activities

Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions:		
Revenues:		
Appropriations	\$ 14,246,991	12,588,859
Grants and contributions	2,735,599	3,770,249
Investment income (note 4)	5,047,298	1,375,839
Endowment payout	—	—
Other income	129,748	66,142
Total revenues	<u>22,159,636</u>	<u>17,801,089</u>
Net assets released from restrictions (notes 6 and 10)	<u>17,811,954</u>	<u>19,440,058</u>
Total revenues and other increases without donor restrictions	<u>39,971,590</u>	<u>37,241,147</u>
Expenses:		
Program services:		
Fellows	6,593,134	6,451,893
Services to fellows	1,635,121	1,525,759
Conferences and special projects	17,700,687	17,456,192
Total program services	<u>25,928,942</u>	<u>25,433,844</u>
Supporting services:		
General and administrative	9,780,992	9,379,294
Fund-raising	1,835,177	1,923,128
Total supporting services	<u>11,616,169</u>	<u>11,302,422</u>
Total expenses	<u>37,545,111</u>	<u>36,736,266</u>
Change in net assets without donor restrictions	<u>2,426,479</u>	<u>504,881</u>
Net assets with donor restrictions:		
Contributions	15,356,550	18,729,544
Investment income (note 4)	3,317,434	718,530
Endowment payout	—	—
Net assets released from restrictions (notes 6 and 10)	<u>(17,811,954)</u>	<u>(19,440,058)</u>
Change in net assets with donor restrictions	<u>862,030</u>	<u>8,016</u>
Change in net assets	3,288,509	512,897
Net assets, beginning of year	<u>89,405,651</u>	<u>88,892,754</u>
Net assets, end of year	<u>\$ 92,694,160</u>	<u>89,405,651</u>

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,288,509	512,897
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	521,465	513,661
Loss on disposal of assets	—	4,008
Net gain on investments	(7,528,434)	(1,263,260)
Decrease in contributed facilities receivable	3,440,000	3,440,000
Increase in accounts receivables and other assets	(428,450)	(1,371,359)
(Increase) Decrease in pledge receivable	(948,003)	336,506
Increase in accounts payable and accrued expenses	610,289	481,007
Increase in grant payable	438,343	253,744
(Decrease) Increase in deferred revenue	(238,831)	1,307,149
Net cash (used in) provided by operating activities	<u>(845,112)</u>	<u>4,214,353</u>
Cash flows from investing activities:		
Purchase of equipment and leasehold improvements	(265,612)	(366,662)
Purchase of investments	(37,744,119)	(49,268,306)
Sale of investments	38,129,108	45,935,291
Net cash provided (used in) by investing activities	<u>119,377</u>	<u>(3,699,677)</u>
Net change in cash and fund balance with treasury	(725,735)	514,676
Cash and fund balance with treasury, beginning of year	<u>14,086,459</u>	<u>13,571,783</u>
Cash and fund balance with treasury, end of year	\$ <u><u>13,360,724</u></u>	\$ <u><u>14,086,459</u></u>

See accompanying notes to financial statements.

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Notes to Financial Statements

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(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 \$14,000,000 for fiscal year 2021 through the Consolidated Appropriations Act, 2021 (Public Law 116-260), which shall remain available until September 30, 2022. The Center received a federal appropriation of \$14,000,000 for fiscal year 2020 through the Consolidated Appropriations Act, 2019 (Public Law 116-6), which remained available until September 30, 2021. 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).

Like every business operations both private and public, the Wilson Center felt the impact of the COVID-19 pandemic starting with a lockdown in mid-March 2020. Though it is not possible to determine the pandemic's ultimate length, severity, or impact on the economy or the Wilson Center's finances, to date, the Center has not experienced a financial impact. Confronted with many restrictions for small and large in person gatherings and meetings, the Wilson Center quickly pivoted and adopted to online technology and was able to conduct its many meetings virtually with exceptional success. While the physical doors to the Center remained closed to the public through fiscal year 2021 and the vast majority of staff implemented an enhanced telework operating status, its virtual program offerings and outreach actually surged. The Center believes the greater reach achieved during COVID-19 will be sustained using available online medium and virtual technologies to reach its vast audience.

(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

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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 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 contributions to the extent the conditions of the contribution have been met. 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 16).

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.

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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 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 meet the definition of unconditional contributions made under Accounting Standards Update 2018-08 (refer to Recently Adopted Accounting Pronouncements below) and 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).

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(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.
- 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 comprise of exchange-traded funds and are measured using quoted market prices at the reporting date multiplied by the quantity held and are disclosed in Level 1.
- 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.
- Investments in absolute return, commingled, and real estate funds 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.

(l) Recently Adopted Accounting Standards

In May 2014, Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended, which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition requirements. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or

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services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The adoption of this standard has no material impact on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all entities that receive or make contributions. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU No. 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional which could impact the timing of revenue recognition. The Center implemented the contributions made portion of the standard during fiscal year 2021. The adoption of this standard had no material impact on the financial statements. The Center implemented the contributions received portion of the standard in fiscal year 2020.

In August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*. The new guidance addresses the disclosure and other accounting and reporting requirements related to single-employer defined benefit pension or other postretirement benefit plans. The guidance removed disclosures that no longer are considered cost-beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant. The Center early adopted the standard during fiscal year 2021. The adoption of this standard had no material impact on the financial statements.

(m) Recent Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new provision, all lessees will report on the balance sheet a right of use asset and a liability for the obligation to make payments with the exception of those leases with a term of 12 months or less. The new provision will be effective for the Center in fiscal year 2023. Early adoption is permitted. Management is currently evaluating the expected impact of this standard on its financial statements.

(n) Reclassifications

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

(3) Availability and Liquidity of Resources

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. At September 30, 2021, the Center had \$10.1 million in cash balance with Treasury available for general expenditures, liabilities, and other obligations in the coming year. Another \$3.2 million of nonappropriated funds were on deposit at the Center's financial institution ending fiscal year 2021 for total available cash of \$13.3 million. At September 30, 2020, the Center had \$9.8 million in cash balance with Treasury available for general expenditures, liabilities, and other obligations in the coming year. Another \$4.3 million of nonappropriated funds were on deposit at the Center's financial institution ending fiscal year 2020 for total available cash of \$14.1 million.

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In addition to the available appropriated fund balance with Treasury ending September 30, 2021, the Center anticipates the continuation of annual appropriations. The Consolidated Appropriations Act, 2022, Public Law 117- 103, signed into law March 15, 2022, provides additional appropriation funding for the Center's salaries and expenditures beginning October 1, 2021. The Consolidated Appropriations Act, 2022, provides \$15,000,000 above the cash balance with Treasury ending fiscal year 2021 available for obligation through September 30, 2023.

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, 2021 and 2020 to financial assets available to meet cash needs for general expenditures (operating expenses, capital, and debt service) within one year:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 13,360,724	14,086,459
Accounts receivable and other assets	3,613,110	3,184,660
Pledge receivable, net	2,473,953	1,525,950
Investments	<u>60,976,036</u>	<u>53,832,591</u>
Total financial assets	80,423,823	72,629,660
Adjustments for amounts not available for general expenditures within one year:		
Endowment investment net assets	<u>(44,553,784)</u>	<u>(38,090,359)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>35,870,039</u></u>	\$ <u><u>34,539,301</u></u>

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Notes to Financial Statements

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(4) Investments

Investments at September 30 consist of the following:

	2021	2020
Operating funds:		
Cash and cash equivalents	\$ 4,113,992	4,793,567
ETF/mutual funds – equity	12,308,260	10,948,665
Total operating funds	16,422,252	15,742,232
Endowment funds:		
Cash and cash equivalents	445,203	181,828
ETF/mutual funds – fixed income	7,561,142	5,169,368
Commingled funds	5,190,374	2,557,748
Real estate funds	1,197,922	1,253,737
ETF/mutual funds – equity	27,193,813	24,731,953
Absolute return funds	2,965,330	4,195,725
Total endowment funds	44,553,784	38,090,359
Total investments	\$ 60,976,036	53,832,591

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

	2021	2020
Interest and dividend income	\$ 836,298	831,100
Net realized and unrealized (losses) gains	7,528,434	1,263,260
	\$ 8,364,732	2,094,360

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Notes to Financial Statements

September 30, 2021 and 2020

(5) Fair Value Measurements

The following tables present assets and liabilities that are measured at fair value on a recurring basis at September 30, 2021 and 2020:

	2021			
	Level 1	Level 2	NAV	Total
Cash and cash equivalents	\$ 4,559,195	—	—	4,559,195
ETF/mutual funds – fixed income	7,561,142	—	—	7,561,142
ETF/mutual funds – equity	39,502,073	—	—	39,502,073
Commingled funds	—	—	5,190,374	5,190,374
Real estate funds	—	—	1,197,922	1,197,922
Absolute return funds	—	—	2,965,330	2,965,330
	<u>\$ 51,622,410</u>	<u>—</u>	<u>9,353,626</u>	<u>60,976,036</u>

	2020			
	Level 1	Level 2	NAV	Total
Cash and cash equivalents	\$ 2,472,567	2,502,828	—	4,975,395
ETF/mutual funds – fixed income	5,169,368	—	—	5,169,368
ETF/mutual funds – equity	35,680,618	—	—	35,680,618
Commingled funds	—	3,811,485	—	3,811,485
Absolute return funds	—	—	4,195,725	4,195,725
	<u>\$ 43,322,553</u>	<u>6,314,313</u>	<u>4,195,725</u>	<u>53,832,591</u>

The following table summarizes the liquidity for each investment reported at estimated fair value based on the NAV at September 30, 2021 and 2020:

	2021	2020	Redemption	Redemption
	Fair value	Fair value	frequency	notice period
Commingled funds (a)	\$ 5,190,374	2,557,748	Weekly or Quarterly	3–45 days
Absolute return funds (b)	2,965,330	4,195,725	Quarterly or Annually	60–90 days
Real estate funds (c)	1,197,922	1,253,737	Monthly	15 days
Total	<u>\$ 9,353,626</u>	<u>8,007,210</u>		

(a) This class is comprised of two commingled funds that invest in international and domestic equities. The funds seek to produce returns that mirror or exceed relevant benchmarks and are intended to contribute growth and diversification characteristics to the overall portfolio.

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- (b) This class is comprised of two 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.
- (c) This class is comprised of a single 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.

The Center does not have any unfunded commitments related to the above investments as of September 30, 2021 or 2020.

(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 \$4.57 million and \$6.04 million, as of September 30, 2021 and 2020, 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, 2021 and 2020, the Center was notified by the General Services Administration that the estimated value of the space utilized by the Center was approximately \$8.05 million and \$8.79 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, are allocated based on head count. In fiscal year 2021, \$0.33 million was allocated to fundraising, \$2.87 million was allocated to fellows, \$0.33 million was allocated to services to fellows, \$2.53 million was allocated to conferences and special projects, and \$1.99 million was allocated to general and administrative expense, based on headcount. In fiscal year 2020, \$0.32 million was allocated to fundraising, \$3.15 million was allocated to fellows, \$0.37 million was allocated to services to fellows, \$2.73 million was allocated to conferences and special projects, and \$2.22 million was allocated to general and administrative expense.

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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
Net assets as of September 30, 2019	\$ —	30,479,342	30,479,342
2020 Release from restriction	3,440,000	(3,440,000)	—
2020 In-kind rent expense	(3,440,000)	—	(3,440,000)
Net assets as of September 30, 2020	—	27,039,342	27,039,342
2021 Release from restriction	3,440,000	(3,440,000)	—
2021 In-kind rent expense	(3,440,000)	—	(3,440,000)
Net assets as of September 30, 2021	\$ —	23,599,342	23,599,342

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, 2021 and 2020:

	Without donor restrictions	With donor restrictions	2021 Total
Contribution revenue (increase in the estimated fair value of the space for 2021)	\$ —	4,611,129	4,611,129
Release from restriction:			
Annual release based upon original valuation of donated space	3,440,000	(3,440,000)	—
Release of the 2021 increase in fair value of the donated space	4,611,129	(4,611,129)	—
Total release from restriction	8,051,129	(3,440,000)	4,611,129
Total revenue	8,051,129	(3,440,000)	4,611,129
In-kind rent expense	8,051,129	—	8,051,129
Change in net assets – donated space	\$ —	(3,440,000)	(3,440,000)

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	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2020 Total</u>
Contribution revenue (increase in the estimated fair value of the space for 2020) \$	—	5,355,651	5,355,651
Release from restriction:			
Annual release based upon original valuation of donated space	3,440,000	(3,440,000)	—
Release of the 2020 increase in fair value of the donated space	<u>5,355,651</u>	<u>(5,355,651)</u>	<u>—</u>
Total release from restriction	<u>8,795,651</u>	<u>(3,440,000)</u>	<u>5,355,651</u>
Total revenue	8,795,651	(3,440,000)	5,355,651
In-kind rent expense	<u>8,795,651</u>	<u>—</u>	<u>8,795,651</u>
Change in net assets – donated space \$	<u>—</u>	<u>(3,440,000)</u>	<u>(3,440,000)</u>

(7) Accounts Receivable and Other Assets

Accounts receivable and other assets consist of the following:

	<u>2021</u>	<u>2020</u>
Grants and contracts \$	3,251,227	2,675,067
Wilson memorial	225,000	225,000
Prepaid	136,883	12,138
Other assets	<u>—</u>	<u>272,455</u>
Total accounts receivable and other assets \$	<u>3,613,110</u>	<u>3,184,660</u>

All accounts receivables are considered fully collectible by management for the years ended September 30, 2021 and 2020.

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(8) Pledge Receivable

Contributions receivable at September 30, 2021 and 2020 were \$2,473,953 and \$1,525,950 respectively, consist of unconditional promises expected to be collected in the respective periods.

	2021	2020
Due in one year or less	\$ 1,326,000	389,000
Due between one year and five years	1,150,000	1,150,000
Less discounts	(2,047)	(13,050)
Total	\$ 2,473,953	1,525,950

All contributions receivables are considered fully collectible by management for the years ended September 30, 2021 and 2020.

(9) Equipment and Leasehold Improvements

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

	2021	2020
Furniture and other equipment	\$ 4,673,739	4,509,018
Leasehold improvements	2,930,878	2,829,987
	7,604,617	7,339,005
Less accumulated depreciation and amortization	(5,725,129)	(5,203,664)
	\$ 1,879,488	2,135,341

(10) Net Assets

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

	2021	2020
Net assets:		
Without donor restrictions:		
Designated by board for endowment	\$ 18,853,360	15,079,923
Undesignated	7,588,891	8,935,849
	26,442,251	24,015,772
With donor restrictions:		
Perpetual in nature	16,707,847	16,706,847
Purpose and/or time restricted	49,544,062	48,683,032
	66,251,909	65,389,879
Total net assets	\$ 92,694,160	89,405,651

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September 30, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
General Center	\$ 9,203,097	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	347,776
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>\$ 16,707,847</u>	<u>16,706,847</u>

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

	<u>2021</u>	<u>2020</u>
Future use of contributed building facilities	\$ 23,599,342	27,039,342
General Center	3,537,639	2,688,346
Kennan Institute	8,878,917	7,315,662
Asia Program	4,065,959	3,561,197
Latin American Program	3,210,606	2,362,298
Canada Institute	369,550	278,575
Division of International Studies	—	144,169
History and Public Policy	953,966	962,704
Environmental Change and Security	390,816	178,849
Middle East Program	537,401	97,571
Africa Program	1,285,503	377,077
European Studies	717,530	1,030,987
Kissinger Institute	860,363	832,286
Comparative Urban Studies	20,082	36,198
Polar Institute	142,092	166,973
Science, Technology and Innovation Program	974,296	1,610,798
	<u>\$ 49,544,062</u>	<u>48,683,032</u>

Beginning in fiscal year 2021, management decided to consolidate the Division of International Studies within History and Public Policy.

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During 2021 and 2020, the Center met donor-imposed requirements on certain net assets with donor restrictions and, therefore, released restrictions as follows:

	2021	2020
Future use of contributed building facilities	\$ 8,051,129	8,795,651
General Center	1,068,235	362,894
Kennan Institute	1,358,918	1,568,403
Asia Program	1,125,464	1,188,618
Latin American Program	2,002,794	2,871,551
Canada Institute	152,852	459,089
Division of International Studies	—	58,207
History and Public Policy	413,541	597,447
Environmental Change and Security	447,454	412,699
Middle East Program	21,378	315,056
Africa Program	312,445	489,467
European Studies	820,043	305,989
Kissinger Institute	411,923	353,039
Polar Institute	365,696	403,792
Comparative Urban Studies	56,116	121,357
Science, Technology and Innovation Program	1,203,966	1,136,799
	\$ 17,811,954	19,440,058

Beginning in fiscal year 2021, management decided to consolidate the Division of International Studies within History and Public Policy.

(11) 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

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Notes to Financial Statements

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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.

(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 2021, the Center has budgeted to redeem \$1,522,000 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, 2021:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	25,700,424	25,700,424
Board-designated endowment funds	<u>18,853,360</u>	<u>—</u>	<u>18,853,360</u>
	<u>\$ 18,853,360</u>	<u>25,700,424</u>	<u>44,553,784</u>

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Changes in endowment net assets for the year ended September 30, 2021:

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 15,079,923	23,010,436	38,090,359
Investment return:			
Investment income	360,499	265,514	626,013
Net appreciation (realized and unrealized gains)	<u>4,311,014</u>	<u>3,052,920</u>	<u>7,363,934</u>
Total investment income	4,671,513	3,318,434	7,989,947
Contributions	—	—	—
Appropriation of endowment assets for expenditure	<u>(898,076)</u>	<u>(628,446)</u>	<u>(1,526,522)</u>
	<u>\$ 18,853,360</u>	<u>25,700,424</u>	<u>44,553,784</u>

Net asset classification by type of endowment as of September 30, 2020:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	23,010,436	23,010,436
Board-designated endowment funds	<u>15,079,923</u>	<u>—</u>	<u>15,079,923</u>
	<u>\$ 15,079,923</u>	<u>23,010,436</u>	<u>38,090,359</u>

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September 30, 2021 and 2020

Changes in endowment net assets for the year ended September 30, 2020:

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 15,013,695	22,903,129	37,916,824
Investment return:			
Investment income	344,728	254,744	599,472
Net appreciation (realized and unrealized gains)	<u>619,479</u>	<u>463,786</u>	<u>1,083,265</u>
Total investment income	964,207	718,530	1,682,737
Contributions	—	—	—
Appropriation of endowment assets for expenditure	<u>(897,979)</u>	<u>(611,223)</u>	<u>(1,509,202)</u>
	<u>\$ 15,079,923</u>	<u>23,010,436</u>	<u>38,090,359</u>

(12) 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 \$455,000 and \$413,000 for the years ended September 30, 2021 and 2020, respectively.

As discussed in note 2(b), the Center receives pledges from donors. For the years ended September 30, 2021 and 2020, the Center received donations and pledges from members of the Board of Trustees and other related parties totaling approximately \$472,727 and \$104,790, respectively. As of September 30, 2021 and 2020 amounts promised by members of the Board of Trustees have been received.

(13) 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, 2021 and 2020 was approximately \$819,000 and \$625,000, respectively, for retirement contributions.

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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 \$19,500 for 2021 and 2020 (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 2021 and 2020, they cannot exceed \$26,000: \$19,500 in regular contributions, and \$6,500 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 \$470,321 and \$451,428 for the years ended September 30, 2021 and 2020, respectively.

Most federal employees are entitled to participate in the Federal Employees Group Life Insurance (FGLI) 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 was \$721,732 and \$666,658 for fiscal years 2021 and 2020, respectively.

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, 2021, the accrued benefit obligation under this plan was \$470,321 and is included in accounts payable and accrued expenses in the statement of financial position (See note 14 below for ASU 2018-14 financial statement disclosure).

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2021 and 2020

(14) 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 2021 and 2020 in the accompanying financial statements for postretirement health and life benefits consist of the following:

	2021	2020
Change in postretirement benefit obligation:		
Benefit obligation, beginning of year:	\$ 451,428	410,539
Service cost	13,654	11,197
Interest cost	10,789	16,225
Employer contributions	(19,474)	(15,827)
Actuarial gain (loss)	13,924	29,294
Benefit obligation, end of year	\$ 470,321	451,428
Net periodic postretirement benefit cost:		
Service cost	\$ 13,654	11,197
Interest cost	10,789	16,225
Amortization of actuarial net gain	(6,690)	(9,288)
Net period benefit cost	\$ 17,753	18,134
OPEB changes other than net periodic postretirement benefit cost:		
Net actuarial gain (loss)	\$ 13,924	29,294
Amortization of actuarial net gain	6,690	9,288
Total OPEB changes other than net periodic postretirement benefit cost	\$ 20,614	38,582

(a) Actuarial Assumptions

The following assumptions were used in calculating the actuarial valuations at September 30, 2021:

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	2.63
Discount rate used to value net periodic postretirement benefit cost	2.49

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

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Notes to Financial Statements

September 30, 2021 and 2020

updated mortality tables and the scale were considered by the Center and adopted as of September 30, 2020.

(b) Contributions and Benefit Payments

Employer contributions are equal to benefit payments net of retiree contributions paid each year. For the years ended September 30, 2021 and 2020, employer contributions were \$19,474 and \$15,827, respectively.

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

	Net benefit payment
2022	\$ 21,252
2023	17,604
2024	13,662
2025	14,891
2026	16,827
2027–2031	<u>101,054</u>
Total	<u>\$ 185,290</u>

(15) 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 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, 2021, 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.

(16) 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, 2021, the Center returned \$142,332 to the U.S. Treasury, which represented the unused fiscal year 2015 appropriation balance, which was available for a two-year period ending September 30, 2016.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Notes to Financial Statements

September 30, 2021 and 2020

On September 30, 2020, the Center returned \$93,207 to the U.S. Treasury, which represented the unused fiscal year 2014 appropriation balance, which was available for a two-year period ending September 30, 2015.

Appropriations revenue is reconciled to the fiscal year 2021 and 2020 federal appropriations as follows:

	<u>2021</u>	<u>2020</u>
Appropriations revenue	\$ 14,246,991	12,588,859
(Decrease) Increase in unexpended appropriations	(389,323)	1,317,934
Returned unused appropriations	<u>142,332</u>	<u>93,207</u>
Fiscal year federal appropriations received	\$ <u>14,000,000</u>	<u>14,000,000</u>

Federal expenses are reconciled to appropriations revenue, as follows:

	<u>2021</u>	<u>2020</u>
Total expenses	\$ 14,502,844	12,739,866
Less:		
Depreciation and amortization	(521,465)	(513,661)
Less:		
Loss on disposals	—	(4,008)
Add:		
Equipment and leasehold improvements	<u>265,612</u>	<u>366,662</u>
Appropriations revenue	\$ <u>14,246,991</u>	<u>12,588,859</u>

(17) 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.

(18) 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.

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Notes to Financial Statements

September 30, 2021 and 2020

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, 2021:

	<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	\$ —	3,729,588	2,863,546	—	—	6,593,134
Service to fellow s	974,916	—	420,888	239,317	—	1,635,121
Conferences, outreach and special projects	<u>8,771,503</u>	<u>—</u>	<u>8,484,651</u>	<u>444,533</u>	<u>—</u>	<u>17,700,687</u>
Total program services	9,746,419	3,729,588	11,769,085	683,850	—	25,928,942
Support services:						
Fundraising	852,811	—	876,098	106,268	—	1,835,177
General and administrative	<u>6,285,369</u>	<u>8,593</u>	<u>2,877,694</u>	<u>87,871</u>	<u>521,465</u>	<u>9,780,992</u>
Total expenses	\$ <u>16,884,599</u>	<u>3,738,181</u>	<u>15,522,877</u>	<u>877,989</u>	<u>521,465</u>	<u>37,545,111</u>

The following table presents functional classification of expenses for the year ended September 30, 2020:

	<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	\$ —	3,303,976	3,147,917	—	—	6,451,893
Service to fellow s	838,590	—	451,093	236,076	—	1,525,759
Conferences, outreach and special projects	<u>8,040,498</u>	<u>179,562</u>	<u>8,939,618</u>	<u>296,514</u>	<u>—</u>	<u>17,456,192</u>
Total program services	8,879,088	3,483,538	12,538,628	532,590	—	25,433,844
Support services:						
Fundraising	649,188	7,000	1,067,185	199,755	—	1,923,128
General and administrative	<u>5,390,899</u>	<u>392</u>	<u>3,169,272</u>	<u>301,061</u>	<u>517,670</u>	<u>9,379,294</u>
Total expenses	\$ <u>14,919,175</u>	<u>3,490,930</u>	<u>16,775,085</u>	<u>1,033,406</u>	<u>517,670</u>	<u>36,736,266</u>

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Notes to Financial Statements

September 30, 2021 and 2020

(19) Subsequent Events

Management has performed an evaluation of subsequent events through July 19, 2022, 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, 2021.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Schedule of Financial Position

September 30, 2021 and 2020

Assets	2021				2020			
	Trust		Federal	Totals	Trust		Federal	Totals
	Operating	Endowment			Operating	Endowment		
Assets:								
Cash and fund balance with treasury	\$ 3,258,282	—	10,102,442	13,360,724	4,297,941	—	9,788,518	14,086,459
Investments	16,422,252	44,553,784	—	60,976,036	15,742,232	38,090,359	—	53,832,591
Contributed facilities	23,599,342	—	—	23,599,342	27,039,342	—	—	27,039,342
Accounts receivable and other assets	3,613,110	—	—	3,613,110	3,184,660	—	—	3,184,660
Pledge receivable, net	2,473,953	—	—	2,473,953	1,525,950	—	—	1,525,950
Equipment and leasehold improvements, net	—	—	1,879,488	1,879,488	—	—	2,135,341	2,135,341
	<u>\$ 49,366,939</u>	<u>44,553,784</u>	<u>11,981,930</u>	<u>105,902,653</u>	<u>51,790,125</u>	<u>38,090,359</u>	<u>11,923,859</u>	<u>101,804,343</u>
Liabilities and Net Assets								
Liabilities:								
Accounts payable and accrued expenses	\$ 2,300,131	—	1,892,521	4,192,652	2,141,565	—	1,440,798	3,582,363
Grants payable	639,613	—	2,250,433	2,890,046	452,794	—	1,998,909	2,451,703
Deferred revenue	166,307	—	5,959,488	6,125,795	15,815	—	6,348,811	6,364,626
	<u>3,106,051</u>	<u>—</u>	<u>10,102,442</u>	<u>13,208,493</u>	<u>2,610,174</u>	<u>—</u>	<u>9,788,518</u>	<u>12,398,692</u>
Net assets:								
Without donor restrictions:								
Undesignated	5,709,403	—	1,879,488	7,588,891	6,800,508	—	2,135,341	8,935,849
Board designated for endowment	—	18,853,360	—	18,853,360	—	15,079,923	—	15,079,923
	<u>5,709,403</u>	<u>18,853,360</u>	<u>1,879,488</u>	<u>26,442,251</u>	<u>6,800,508</u>	<u>15,079,923</u>	<u>2,135,341</u>	<u>24,015,772</u>
With donor restrictions:								
Purpose and/or time restricted	40,551,485	8,992,577	—	49,544,062	42,379,443	6,303,589	—	48,683,032
Restricted by donor in perpetuity	—	16,707,847	—	16,707,847	—	16,706,847	—	16,706,847
	<u>46,260,888</u>	<u>44,553,784</u>	<u>1,879,488</u>	<u>92,694,160</u>	<u>49,179,951</u>	<u>38,090,359</u>	<u>2,135,341</u>	<u>89,405,651</u>
Total net assets	<u>\$ 49,366,939</u>	<u>44,553,784</u>	<u>11,981,930</u>	<u>105,902,653</u>	<u>51,790,125</u>	<u>38,090,359</u>	<u>11,923,859</u>	<u>101,804,343</u>

See accompanying independent auditors' report.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Schedule of Changes in Net Assets
 Years ended September 30, 2021 and 2020

	2021				2020			
	Trust		Federal	Totals	Trust		Federal	Totals
	Operating	Endowment			Operating	Endowment		
Net assets without donor restrictions:								
Revenues:								
Appropriations	\$ —	—	14,246,991	14,246,991	—	—	12,588,859	12,588,859
Grants and contributions	2,735,599	—	—	2,735,599	3,770,249	—	—	3,770,249
Investment income	375,785	4,671,513	—	5,047,298	411,632	964,207	—	1,375,839
Endowment payout	898,076	(898,076)	—	—	897,979	(897,979)	—	—
Other income	129,748	—	—	129,748	66,142	—	—	66,142
Total revenues	4,139,208	3,773,437	14,246,991	22,159,636	5,146,002	66,228	12,588,859	17,801,089
Net assets released from restrictions	17,811,954	—	—	17,811,954	19,440,058	—	—	19,440,058
Total unrestricted revenues and other increases	21,951,162	3,773,437	14,246,991	39,971,590	24,586,060	66,228	12,588,859	37,241,147
Expenses:								
Program services:								
Fellows	4,084,130	—	2,509,004	6,593,134	4,014,994	—	2,436,899	6,451,893
Services to fellows	332,005	—	1,303,116	1,635,121	370,343	—	1,155,416	1,525,759
Conferences and special projects	12,131,351	—	5,569,336	17,700,687	13,214,237	—	4,241,955	17,456,192
Total program services	16,547,486	—	9,381,456	25,928,942	17,599,574	—	7,834,270	25,433,844
Supporting services:								
General and administrative	4,659,604	—	5,121,388	9,780,992	4,473,698	—	4,905,596	9,379,294
Fund-raising	1,835,177	—	—	1,835,177	1,923,128	—	—	1,923,128
Total supporting services	6,494,781	—	5,121,388	11,616,169	6,396,826	—	4,905,596	11,302,422
Total expenses	23,042,267	—	14,502,844	37,545,111	23,996,400	—	12,739,866	36,736,266
Change in unrestricted net assets	(1,091,105)	3,773,437	(255,853)	2,426,479	589,660	66,228	(151,007)	504,881
Net assets with donor restrictions:								
Contributions	15,355,550	1,000	—	15,356,550	18,729,544	—	—	18,729,544
Investment income	—	3,317,434	—	3,317,434	—	718,530	—	718,530
Endowment payout	628,446	(628,446)	—	—	611,223	(611,223)	—	—
Net assets released from restrictions	(17,811,954)	—	—	(17,811,954)	(19,440,058)	—	—	(19,440,058)
Change in net assets with donor restrictions of purpose and/or time	(1,827,958)	2,689,988	—	862,030	(99,291)	107,307	—	8,016
Change in net assets	\$ (2,919,063)	6,463,425	(255,853)	3,288,509	490,369	173,535	(151,007)	512,897

See accompanying independent auditors' report.