The German Marshall Fund of the United States—
A Memorial to the Marshall Plan
and Subsidiaries

Consolidated Financial Statements
December 31, 2024
(With Comparative Financial Information for 2023)

Independent Auditor's Report

Board of Trustees
The German Marshall Fund of the United States—A Memorial to the Marshall Plan

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of The German Marshall Fund of the United States—A Memorial to the Marshall Plan and Subsidiaries (GMF), which comprise the consolidated balance sheet as of December 31, 2024, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GMF as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GMF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GMF's ability to continue as a going concern within one year; after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GMF's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2025, on our consideration of GMF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GMF's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GMF's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
August 25, 2025

The German Marshall Fund of the United States
Consolidated Balance Sheet
December 31, 2024
(with comparative totals for 2023)

	2024	2023
Assets		
Cash and cash equivalents	$ 5,052,457	$ 6,761,348
Grants receivable, net	7,785,291	7,388,160
Advance to sub-grantees	3,995,105	2,777,775
Other assets	865,198	1,223,186
Investments	162,348,314	156,678,210
Right-of-use operating lease assets, net	2,425,280	1,420,290
Interest rate swap contract	608,714	502,550
Property and equipment, net	14,869,541	15,458,844
	$ 197,949,900	$ 192,210,363
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 2,628,629	$ 1,898,357
Grants payable	302,239	127,117
Refundable advances	7,782,244	10,915,960
Lease liabilities, net	2,379,042	1,446,985
Bonds payable, net	9,237,715	9,223,022
	22,329,869	23,611,441
Commitments and contingencies		
Net assets:		
Without donor restrictions	169,579,805	161,508,086
With donor restrictions	6,040,226	7,090,836
	175,620,031	168,598,922
	$ 197,949,900	$ 192,210,363

See notes to consolidated financial statements.

The German Marshall Fund of the United States
Consolidated Statement of Activities
Year Ended December 31, 2024
(with comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
Support:				
Investment gain, net	$ 17,048,928	$ -	$ 17,048,928	$ 18,347,107
Contributions				
U.S. Government	5,644,127	-	5,644,127	6,164,534
Institutional and Non-U.S. Government	12,998,577	576,690	13,575,267	12,323,280
Private Contributions	6,726,606	3,604,039	10,330,645	7,740,198
Contributions of non-financial assets	244,410	-	244,410	-
Contract revenue	2,930,738	-	2,930,738	2,465,439
Losses from foreign currency exchanges	(101,741)	-	(101,741)	(172,897)
Satisfaction of restrictions	5,231,339	(5,231,339)	-	-
Total support and revenue	50,722,984	(1,050,610)	49,672,374	46,867,661
Expenses:				
Program services:	26,347,755	-	26,347,755	31,031,465
Support services:	16,083,581	-	16,083,581	12,183,226
Total expenses	42,431,336	-	42,431,336	43,214,691
Change in net assets before other items	8,291,648	(1,050,610)	7,241,038	3,652,970
Other items:				
Interest expense and bond issuance amortization	(326,093)	-	(326,093)	(322,842)
(Gain) loss on interest rate swap agreement	106,164	-	106,164	(100,781)
Change in net assets	8,071,719	(1,050,610)	7,021,109	3,229,347
Net assets:				
Beginning	161,508,086	7,090,836	168,598,922	165,369,575
Ending	**$ 169,579,805**	**$ 6,040,226**	**$ 175,620,031**	**$ 168,598,922**

See notes to consolidated financial statements.

The German Marshall Fund of the United States
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024
(with comparative totals for 2023)

	2024									
	Program Services					Supporting Services				
	Democracy	Geostrategy	Strategic Engagement	Innovation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	2023 Total
Personnel costs	$ 4,260,151	$ 4,186,240	$ 1,498,306	$ 1,803,536	**$ 11,748,233**	$ 7,828,583	$ 1,201,276	**$ 9,029,859**	**$ 20,778,092**	**$ 21,854,270**
Grants and other assistance	8,663,386	188,717	-	214,750	**9,066,853**	100,000	-	**100,000**	**9,166,853**	**9,832,471**
Professional services	824,383	643,569	535,778	197,209	**2,200,939**	854,574	4,767	**859,341**	**3,060,280**	**3,169,893**
Travel	292,823	1,093,640	392,308	380,829	**2,159,600**	167,976	30,888	**198,864**	**2,358,464**	**2,485,818**
Office expenses	101,511	22,129	64,568	45,514	**233,722**	2,902,230	9,780	**2,912,010**	**3,145,732**	**2,376,345**
Occupancy and related expenses	3,254	1,803	32	-	**5,089**	1,859,434	-	**1,859,434**	**1,864,523**	**1,744,675**
Conferences, conventions and meetings	110,467	306,993	405,428	44,350	**867,238**	70,508	17,014	**87,522**	**954,760**	**754,909**
Depreciation	-	-	-	-	**-**	668,326	-	**668,326**	**668,326**	**730,338**
Other expenses	47,094	15,423	1,817	1,747	**66,081**	361,586	6,639	**368,225**	**434,306**	**265,972**
Total expenses before other items	**14,303,069**	**6,458,514**	**2,898,237**	**2,687,935**	**26,347,755**	**14,813,217**	**1,270,364**	**16,083,581**	**42,431,336**	**43,214,691**
Interest expense and bond issuance amortization	**-**	**-**	**-**	**-**	**-**	**326,093**	**-**	**326,093**	**326,093**	**322,842**
Total expenses after other items	**$ 14,303,069**	**$ 6,458,514**	**$ 2,898,237**	**$ 2,687,935**	**$ 26,347,755**	**$ 15,139,310**	**$ 1,270,364**	**$ 16,409,674**	**$ 42,757,429**	**$ 43,537,533**

See notes to consolidated financial statements.

The German Marshall Fund of the United States
Consolidated Statement of Cash Flows
Year Ended December 31, 2024
(with comparative totals for 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 7,021,109	$ 3,229,347
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	668,326	730,338
Amortization on bond issuance costs	14,693	14,693
Net realized and unrealized gain on investments	(14,925,047)	(16,004,933)
(Gain) loss on interest rate swap agreement	(106,165)	100,781
Amortization of operating right-of-use assets	428,398	1,135,510
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants receivable, net	(397,131)	(2,011,215)
Advance to sub-grantees	(1,217,330)	(1,258,177)
Other assets	357,988	(482,263)
Increase (decrease) in:		
Accounts payable and accrued expenses	730,272	(548,169)
Refundable advances	(3,133,716)	3,011,133
Grants payable	175,122	(133,060)
Principal payments on lease liabilities	(501,331)	(980,879)
Net cash used in operating activities	(10,884,812)	(13,196,894)
Cash flows from investing activities:		
Purchases of investments	(14,153,131)	(16,105,357)
Proceeds from sale of investments	23,408,074	31,492,563
Purchases of property, plant and equipment	(79,022)	(69,989)
Net cash provided by investing activities	9,175,921	15,317,217
Cash flows from financing activities:		
Proceeds from line of credit	-	1,500,000
Payments on line of credit	-	(3,202,000)
Net cash used in financing activities	-	(1,702,000)
Net (decrease) increase in cash and cash equivalents	(1,708,891)	418,323
Cash and cash equivalents:		
Beginning	6,761,348	6,343,025
Ending	$ 5,052,457	$ 6,761,348
Supplemental disclosures of cash flow information:		
Cash payments for interest	$ 311,400	$ 308,150
Operating cash outflows—payments on operating leases	$ 606,481	$ 712,689
Right-of-use operating lease assets obtained in exchange for operating lease liabilities	$ 1,433,388	$ 76,136

See notes to consolidated financial statements.

Note 1. Organization, Mission and Structure

The German Marshall Fund of the United States—A Memorial to the Marshall Plan (GMF) was established in 1972 and is a public policy think tank that seeks to promote cooperation and understanding between North America and the European Union. GMF's mission is to shape a transatlantic partnership fit for the 21st century. As a transatlantic and non-partisan organization, GMF delivers innovative analysis, develops bold policy ideas, and convenes creative leaders to help governments, businesses and civil society on both sides of the Atlantic, responds to current challenges, and anticipates future ones, while unlocking new opportunities for cooperation.

GMF is headquartered in Washington, D.C., with offices in Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest and Warsaw. With a worldwide network of GMF fellows, GMF offers unmatched insight into policy and political dynamics across the Atlantic and beyond. This unique expertise network enables GMF to drive practical solutions to national, regional and global issues, and to strengthen transatlantic cooperation on emerging challenges.

In the spirit of the Marshall Plan, GMF strengthens transatlantic cooperation in four areas of focus:

- ***Democracy:*** As many countries in the transatlantic community and beyond held elections in 2024, GMF Democracy focused its work on combating threats to democracy and the abuse of recent technologies. Both issues pose challenges to democratic values, in particular election administration. GMF Democracy shed light on widespread efforts to manipulate online information and interference in elections while helping to secure individual rights and freedoms.

- ***Geostrategy:*** GMF provides policymakers and business leaders on both sides of the Atlantic with in-depth and comprehensive analyses of the political, economic, and strategic trends that impact them. GMF Geostrategy focuses on specific geographic regions whose audiences require holistic risk management that integrates policy planning and resilience in an international environment increasingly defined by geopolitical competition, environmental crisis, and hybrid threats.

- ***Strategic Engagement:*** GMF convenes global leaders, policymakers, and experts across sectors to shape the transatlantic agenda and debate the most pressing global challenges. GMF offers rising and established leaders dynamic opportunities to build transatlantic bridges.

- ***Innovation:*** GMF Innovation advances new thinking by conducting research and projects, and developing initiatives, through its two key divisions – GMF Cities and GMF Technology.

  Both divisions incubate policies and practices that advance democratic competitiveness and values in transformative emerging technologies, industrial policy, restorative economies, and climate justice. Cities in North America and Europe play a significant role in spurring new thinking in these areas.

Structure
GMF has two wholly owned subsidiaries.

- 1700 18th Street LLC (LLC), a limited liability corporation established in May 2004 to purchase a building in Washington, D.C.
- The Transatlantic Foundation (TF) was established in March 2011 in Belgium. The purpose of TF is to facilitate funding from European donors through GMF's Brussels office.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements, which include the accounts of GMF, LLC and TF (collectively, GMF), have been consolidated in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). All significant intercompany balances and transactions have been eliminated in consolidation.

Net assets are classified based on the existence or absence of donor-imposed restrictions. GMF's net assets and changes therein are classified and reported as follows:

- Without donor restrictions – net assets that are not subject to donor-imposed restrictions, the donor restrictions have expired or have been satisfied by actions of the organization. GMF's board may designate assets without restrictions for specific operational purposes from time to time.
- With donor restrictions – net assets that are subject to donor defined time or purpose restrictions.

Contributions are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Unconditional donor-restricted contributions received in the same year in which the restrictions are met are recorded as increases to donor-restricted support at the time of receipt. Upon fulfillment or expiration of donor restrictions, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as satisfaction of restrictions in the consolidated statement of activities.

Reclassifications

Certain reclassifications have been made to 2023 financial information to conform to classifications and presentation used in the current year. These reclassifications had no impact on net assets or changes in net assets as previously reported.

Prior year information

The consolidated statement of activities and functional expense include certain prior year summarized consolidated information for comparative purposes only, such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with GMF's consolidated financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. The most significant area of estimate and judgement relates to the fair value of GMF's investment portfolio as it relates to alternative investments. Actual results could differ from those estimates.

GMF invests in professionally managed portfolios that contain money market funds, common shares of publicly traded companies, mutual funds and various alternative investments. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to change in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements.

Allocation of Functional Expense
The costs of providing various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain overhead costs such as insurance, occupancy and supplies have been allocated among the programs and supporting services benefit based on headcount.

Sources of Support

Contributions: Contributions are recorded at fair value when an unconditional grant or promise-to-give has been made. Conditional contributions are recorded once the conditions are met. Contributions are recorded as with or without donor restrictions depending on the existence or absence of donor-imposed restrictions.

Financial assets received in connection with conditional promises are reported as refundable advances until such time as the conditions are substantially met. Recognition of revenue for conditional grants is classified as net assets without donor restrictions if, at the time conditions are satisfied, that all restrictions have also been satisfied.

GMF receives funding under grants and agreements with the U.S. government and other institutional donors. These funds are subject to donor conditions and restrictions which are typically met by incurring qualifying expenses for the program. Contributions from the US government are conditional and must comply with applicable federal cost principles included in Title 2 US Code of Federal Regulations Part 200 and are subject to review by grantor agencies. Contribution revenue on these agreements is recognized based on program expenditures. Audits and reviews could result in the disallowance of expenditures under the terms of the grant or reduction of future grant funds. Based on historical experience, management believes that any costs ultimately disallowed would not materially affect GMF's consolidated financial position. GMF adopted the simultaneous release option for donor-restricted grants that are recognized and used within the same reporting period and therefore reported as net assets without donor restrictions.

Conditional promises, representing awards signed but not yet implemented and recognized as contributions as of December 31, 2024, are based on the total award amount less amounts recognized to date.

Contract revenue: Contract revenue is composed of revenue from consulting services, fellowship tuition, and event sponsorship. Contract revenue is recognized when a given performance obligation is satisfied, either over a period or at a point in time. The majority of GMF's revenue under contracts with customers is earned in the United States or Europe and most customers are GMF alumni and leaders from business, government, and civil society.

Consulting services are recognized at a point in time when milestones are met. Revenue related to fellowship tuition are recognized over time as the services are provided and consumed. Event sponsorship is recognized over time as the event takes place. Payments for these activities received in advance are reported as refundable advances. For the year ended December 31, 2024, $1.4 million, or 46%, of contract revenue was recognized at a point of time when deliverables were met, and $1.5 million, or 54%, of contract revenue was recognized over a period time as the associated fellowship or event took place.

The contracts do not include significant financing components, are less than two years in duration and do not have variable considerations. GMF did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. The primary factor affecting future revenue and cash inflows is event cancelations. Management does not believe there is a material risk of loss for future revenue and cash inflows related to event cancellations.

Contributions of Non-Financial Assets

Donated goods and services that meet the criteria for recognition are recorded at estimated fair value when received and recorded as expense when utilized and reflected on the statement of activities as Contributions of non-financial assets. For the year ended December 31, 2024, contributed non-financial assets primarily related to donated office space in Bucharest, Romania, valued at the rent rate charged for comparable space.

Cash and cash equivalents: Cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less when purchased. The carrying values of cash and cash equivalents approximate their fair value due to the short-term nature of these instruments. GMF maintains amounts on deposit with various financial institutions, which may, at times, exceed United States federally insured limits. Management periodically evaluates the creditworthiness of those institutions and has not experienced any losses on such deposits. In addition, GMF maintains several accounts in European financial institutions which are uninsured. GMF has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk in cash. Cash and cash equivalents held outside the United States was $1.0 million as of December 31, 2024,

Significant Donors and Concentration of Credit Risk
GMF relies on continuous funding from major donors such as US Agency for International Development (USAID). Grants from the United States government were 11% and 13% of GMF's total support, as shown on the consolidated statement of activities.

Accounts Receivables
Receivables include grant receivable and amounts due on unconditional promises-to-give. Unconditional promises-to-give are recognized in the period in which the promise is made to GMF. Unconditional promises-to-give to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. For grants determined to be conditional, revenue and receivables are recognized as conditions are met or revenue earned, as applicable, in excess of amounts previously advanced. Management determines the allowance for doubtful accounts by regularly evaluating individual receivables, considering the customer's financial condition, credit history and current economic conditions. Management has determined no allowance is necessary as of December 31, 2024. Accounts receivable at net present value, based on a discount rate of 1.46% are as follows:

Amounts due within one year	$ 7,072,196
Amounts due in one to five years	600,000
Amounts due in over five years	150,000
	7,822,196
Less discount to net present value	(36,905)
Grants receivable, net	$ 7,785,291

Accounts receivable also includes contract receivables of $277,709 and $302,491 as of December 31, 2024 and 2023, respectively. Receivables related to contracts are carried at original invoice amounts, less an estimate made for the reserve for credit losses, based on a review of all outstanding amounts on an annual basis or as circumstances change. Management determines the reserve for credit losses by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance, if any, is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. GMF deems all outstanding contract receivables to be collectible. Therefore, there is no allowance for credit losses as of December 31, 2024.

Translation of foreign currencies: The functional currency of GMF is the U.S. dollar. Financial statements for foreign activities reflect assets and liabilities converted to U.S. dollar values at prevailing rates of exchange. Gains or losses from fluctuations of foreign exchange rates are reported in the accompanying consolidated statement of activities.

Investments: Investments are carried at fair value. Fair value of mutual funds and publicly traded equities is determined using quoted market prices. To adjust the carrying value of these investments, the change in fair value is recorded as a component of investment income or loss, net in the accompanying consolidated statement of activities.

Investments in alternative investments are valued at fair value, based on the net asset value per share, or equivalent. In determining fair value, GMF utilizes valuations provided by the fund manager of the underlying investments. The underlying alternative investments value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investments, which may include private placements and other securities for which prices are not readily available, are determined by the fund manager and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of GMF's alternative investments represents the amount GMF would expect to receive if it were to liquidate its investments excluding any liquidation costs that may apply. GMF may adjust the respective manager's valuation when circumstances support such an adjustment.

Advances to sub-grantees: GMF also serves as a resource provider, making contributions to partners and sub-grantees in connection with program implementation. For conditional awards provided on an advanced basis to sub-grantees, GMF records an advance when funds are provided. GMF records the related grant expense as conditions are satisfied.

Property and equipment: Property and equipment are reported at cost net of accumulated depreciation. GMF follows the practice of capitalizing all expenditures for property and equipment more than $5,000. GMF depreciates its furniture and fixtures using the straight-line depreciation method over three to five years. Buildings are depreciated over a 40-year term using the straight-line method.

Valuation of long-lived assets: GMF accounts for the subsequent measurement of certain long-lived assets in accordance with subsections of the FASB ASC Topic, Property, Plant and Equipment, which addresses impairment or disposal of long-lived assets. The accounting standard requires that property, plant and equipment be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Bond issuance costs: GMF paid certain customary fees to secure the bonds payable used to finance construction projects for its Washington DC headquarters. These fees were capitalized and amortized over the term of the bonds using the effective interest method and are netted with bonds payable on the accompanying consolidated balance sheet. Amortization expense was $14,693 for the year ended December 31, 2024.

Interest rate swap contract: GMF has an interest rate swap contract with a financial institution to reduce the impact of changes in the interest rates on the bonds. GMF follows the accounting standard for derivative instruments and hedging activities for the swap contract. This standard requires that all derivative financial instruments be recognized in the consolidated financial statements at their fair value. Changes in the fair value of derivative financial instruments are recognized each period as a component of change in net assets.

Grants payable: GMF records grant expense and corresponding payable at the time the unconditional award is committed. GMF records conditional awards on the reimbursement basis as grant expense as conditions are satisfied.

Leases: GMF determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. GMF also considers whether its service arrangements include the right to control the use of an asset.

GMF recognizes most leases on its consolidated balance sheet as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

GMF made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, GMF made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of FASB ASC Topic 842.

GMF made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for all leases. The non-lease components typically represent additional services, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred. GMF elected to utilize the risk-free rate of interest at the lease commencement date to determine the discount rate.

Subsequent events: GMF has evaluated subsequent events through August 25, 2025, the date on which the consolidated financial statements were available to be issued.

On January 24, 2025, the United States Government (USG) began taking a number of actions to implement a variety of Executive Orders impacting GMF's operations. During the year ended December 31, 2024, GMF recognized contributions and exchange transactions from the USG totaling $5.8 million.

In February 2025, GMF received notices of termination for three awards. As of the date of termination, these awards had remaining funds available of $19.9 million. This amount is included in the conditional grants from the U.S. government disclosed in Note 10 to the consolidated financial statements and was not recognized as revenue in 2024. As of December 31, 2024, GMF had $792,000 of outstanding USG receivables related to the terminated grants, of which $780,000 has been subsequently collected.

Other grants initially suspended have resumed work. Management is implementing necessary cost containment strategies, including actions to reduce headcount, professional fees and office space in alignment with the program terminations and temporary suspensions.

Note 3. Liquidity and Availability

GMF regularly monitors the financial resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The primary sources of liquidity are GMF's cash accounts and assets invested in money market and marketable securities. GMF received funding from three major donor groups which are essential to our mission. These resources include private and institutional donors and grants from the U.S. government.

Liquidity is managed by ensuring that funding sources are available prior to or shortly after expenses are incurred. Expenses associated with programs with donor restrictions are not incurred if funding is not committed and available. Private donations and investment income without donor restrictions are used to fund general expenditures, including supporting activities, with expenses made in accordance with the annual board approved budget.

Financial assets available for general expenditure reduced by amounts not available for general use, due to donor restrictions or terms of the investment, comprise the following as of December 31, 2024:

Cash and cash equivalents	$ 5,052,457
Grants receivable	7,785,291
Investments	85,028,283
Total financial assets available	97,866,031
Less:	
Net assets with donor restrictions	(6,040,226)
Refundable advances	(7,782,244)
Financial assets not available to be used for general expenditures	$ 84,043,561

GMF also has access to a line of credit in the amount of $2.0 million for needed liquidity that expires October 29, 2027. As of December 31, 2024 there was no outstanding balance on the line of credit. The interest rate was 5.85% at December 31, 2024.

Note 4. Investments and Fair Value Measurements

Investments as of December 31, 2024 consist of the following:

Money market mutual funds	$ 3,562,789
Mutual funds—bonds	17,139,256
Mutual funds—equities	50,343,287
Publicly traded equities	14,232,459
Alternative investments—equity funds	77,070,523
	$ 162,348,314

Investment gain, net for the year ended December 31, 2024 consists of the following:

Realized and unrealized gain on investments	$ 14,925,047
Interest and dividends	2,388,618
Investment management fees	(264,737)
	$ 17,048,928

Note 5. Fair Value Measurements

GMF has adopted the Fair Value Measurement Topic issued by the FASB which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3) Inputs are broadly defined under this Topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under this Topic are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that GMF can access. This includes listed equities and listed derivatives.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined using models or other valuation methodologies. Investments which are included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. GMF’s swap agreement is valued based on quoted values stated by the bank’s mark-to-market estimate using the stated fixed rate and BMA Municipal Swap Index interest ratings. The interest rate is observable at commonly quoted indexes for the full term of the instrument and is, therefore, considered Level 2 item. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. During 2024, there were no alternative investments transferred from NAV into the Level 3 category of the fair value hierarchy. The investments included in this category during 2024 are interests in natural resource investment funds where fair value is not based on a net asset value (NAV) practical expedient.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. GMF’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investment. In determining the appropriate levels, GMF performs analysis of these assets and liabilities that are subject to this Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following table presents the investments carried at fair value in the consolidated balance sheet by level within the valuation hierarchy as of December 31, 2024:

The Level 1 values shown below are all based on quoted prices in active markets for identical assets. The Level 2 valuation for the interest rate swap is based upon significant other observable inputs, while Level 3 is based upon significant unobservable inputs.

	Fair Value Hierarchy				
	Total	Level 1	Level 2	Level 3	NAV
Assets:					
Investments:					
Money market mutual funds	$ 3,562,789	$ 3,562,789	$ -	$ -	$ -
Bond mutual funds	17,139,256	17,139,256	-	-	-
Equity mutual funds	50,343,287	50,343,287	-	-	-
Publicly traded equities	14,232,459	14,232,459	-	-	-
Alternative investments	77,070,523	-	-	3,687,975	73,382,548
Total investments	$ 162,348,314	$ 85,277,791	$ -	$ 3,687,975	$ 73,382,548
Interest rate swap contract	$ 608,714	$ -	$ 608,714	$ -	$ -

NAV is defined as the value of a mutual (or similar) fund that is reached by deducting the fund's liabilities from the market value of all its assets and then dividing by the number of issued shares (or units of ownership). Depending on the type of fund and the nature of its assets, a variety of valuation techniques can be used to arrive at the market value of its assets and liabilities. Alternative investments are less liquid than the other investments.

The following table sets forth additional disclosures of GMF's investments as of December 31, 2024. Fair value of alternative investments is estimated using NAV per share (or its equivalent) or significant unobservable inputs (Level 3) as of December 31, 2024.

Alternative Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equities (a):				
U.S. equity	$ 1,669,934	$ -	Quarterly	90 days
Public equity	4,543,529	-	Monthly	30 days
International equity	5,904,648	-	Monthly	30 days
	12,118,111	-		
Hedge funds (b):				
Managed futures	7,383,323	-	Monthly	3 days
Multi-strategy	18,713,420	-	Quarterly	60-90 days
	26,096,743	-		
Natural resources (c):				
Master limited partnership	9,730,959	-	Monthly	30 days
Diversified	4,553,433	8,519	Not applicable	Not applicable
Energy	3,687,975	44,310	Not applicable	Not applicable
	17,972,367	52,829		
Private equity (d):				
Buyout/venture capital	4,899,239	2,334,113	Not applicable	Not applicable
Diversified	10,471,659	3,694,504	Not applicable	Not applicable
	15,370,898	6,028,617		
Private debt (e):				
Distressed	3,171,318	725,000	Not applicable	Not applicable
	3,171,318	725,000		
Private real estate (f)	2,341,086	2,034,515	Not applicable	Not applicable
	$ 77,070,523	$ 8,840,961		

(a) Equities: This category includes investments in funds that invest in domestic and international equities.

(b) Hedge funds: This category includes investments in hedge funds that invest both long and short in various domestic and international common stocks. The funds invest using a variety of strategies, including event driven and distressed instruments, derivative contracts, and other financial instruments. Management of the various funds can shift from value to growth strategies, from small to large capitalization stocks, and from a net short position to a net long position. The fair value of the investments in this category has been estimated using the NAV per share of the investments.

(c) Natural resources: This category includes investments in natural resources such as timber, oil or natural gas that are done through limited partnerships. Investments held in closed-end funds cannot be redeemed at the investor's discretion. The fair value of several investments in this category has been estimated using the NAV per share of the investments and one investment in this category is valued based on an income approach using significant unobservable inputs (Level 3).

(d) Private equity funds: This category includes several private equity funds. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the funds. As of December 31, 2024, it was probable that the investments in this category would be liquidated at an amount different from the NAV of the GMF's ownership interest in partners' capital. Therefore, the fair value of the investments in this category has been estimated using recent observable transaction information received from potential buyers of the investments. It is estimated that the underlying assets of the funds will be liquidated over five to eight years.

(e) Private debt: This category includes several private equity funds focusing on private debt. The investment strategies of these funds focus on debt securities of companies undergoing financial distress, operating difficulties and significant restructuring and on acquiring eligible assets, which include certain commercial mortgage-backed securities and nonagency residential mortgage-backed securities, under the Public-Private Investment Partnership, which seeks to unlock frozen credit markets and expand lending activity. The fair value of the investments in this category has been estimated using the NAV per share of the investments.

(f) Private real estate: This category includes investments primarily in the purchase, improvement and/or rental of property, and indirect investments made through an entity that invests in property, such as a real estate investment trust (REIT). Real estate has a relatively new correlation with the behavior of the stock market and is often viewed as a hedge against inflation. The fair value of the investments in this category has been estimated using the NAV per share of the investments.

Note 6. Property and Equipment

Property and equipment, net consists of the following as of December 31, 2024:

Building	$ 25,058,017
Furniture and fixtures	1,118,239
Land	1,237,440
	27,413,696
Less accumulated depreciation	(12,544,155)
	$ 14,869,541

Note 7. Bonds Payable and Interest Rate Swap Contract

In April 2016, the District of Columbia issued its $9,400,000 Variable Rate Refunding Revenue Bonds (The German Marshall Fund of the United States Issue) Series 2016 (the Bonds) and loaned the proceeds to GMF in order to refund the Series 2011 bonds initially used to fund the purchase and construction on the Washington, DC headquarters. The Bonds mature on June 1, 2046, subject to the possibility of earlier redemption, with principal repayment to start on June 1, 2026. Interest rate is calculated as 67% of the sum of the Secured Overnight Financing Rate (SOFR) and the spread of 1.28%, and margin rate factor (as defined in the Indenture of Trust). The interest rate terms, factoring in the impact of an interest rate swap contract, achieves an effective annual interest rate of 2.35%. Interest expense for the year ended December 31, 2024 was $326,093. Under the lender mode credit agreement, GMF is subject to covenants including a requirement to maintain a specified liquidity ratio.

Bonds payable consists of the following as of December 31, 2024:

Bonds payable	$ 9,325,867
Less bond issuance costs, net of amortization	(88,152)
	$ 9,237,715

The future principal maturities of the bonds payable after year-end are scheduled as follows:

Years ending December 31:	
2025	$ -
2026	213,000
2027	373,000
2028	381,000
2029	391,000
Thereafter	7,967,867
	$ 9,325,867

The swap contract was entered into for a 15-year period commencing in May 2016. The notional principal amount of the interest rate swap contract was $9,238,000 as of December 31, 2024. In accordance with the swap contract, GMF pays a fixed rate of interest of 1.493%, and receives a variable interest rate, which was approximately 3.08% as of December 31, 2024. GMF recognized a gain of $106,164 for the year ended December 31, 2024. The fair value of the swap contract was an asset of $608,714 as of December 31, 2024. The swap contract terminates in May 2031. Effective June 2023, the interest rate benchmark for the swap contract was changed from LIBOR to SOFR and the interest rate formula was changed such that the new effective interest rate will be in line with the previous interest rate.

Note 8. Leases

GMF has operating leases around the world for office space and equipment under noncancellable leases expiring at various dates through 2033. GMF determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations.

Leases may include options to renew, at GMF's sole discretion, with renewal terms that can extend the lease term. These options to extend a lease are included in the lease terms when it is reasonably certain that GMF will exercise that option. GMF's leases generally do not contain any material restrictive covenants. Operating lease cost is recognized on a straight-line basis over the lease term. Real estate taxes, maintenance, insurance, and operating expenses are included in the measurement of lease liabilities when fixed and excluded when variable. Variable expenses are recognized when incurred and payments are made. GMF's international office locations, except for their Belgrade office, have escalating rent payments included that are captured as variable lease payments.

Operating lease costs included in the Occupancy and related costs line item on the consolidated statement of functional expense was $611,060 for the year ended December 31, 2024.

Operating lease installments due in future years at December 31, 2024 are as follows, reconciled to the total lease liabilities, net on the consolidated balance sheet:

Years ending December 31:	
2025	$ 612,778
2026	543,067
2027	483,306
2028	477,353
2029	233,442
Thereafter	225,401
Total lease payments	2,575,347
Less present value discount	(196,305)
Total present value of lease liabilities	$ 2,379,042

Other quantitative information as of and for the year ended December 31, 2024:

Weighted-average remaining lease term (in years)	4.99
Weighted-average discount rate	2.12%

Note 9. Net Assets with Donor Restrictions

As of December 31, 2024, net assets with donor restrictions are available for the following purposes:

Democracy	$ 1,475,560
Geostrategy	1,967,597
Strategic engagement	767,024
Innovation	1,830,045
	$ 6,040,226

Note 10. Defined Contribution Plan

GMF has a defined contribution plan under Internal Revenue Code Section 401(k) for employees that meet eligibility conditions. Eligible employees may contribute their own savings to GMF's defined contribution retirement program immediately upon hire. During the year ended December 31, 2024, GMF contributed an amount equal to 3% of participant's eligible annual salary and matched participant savings up to 7% of their annual compensation. Retirement expense was approximately $587,000 for the year ended December 31, 2024. Employer matching contributions for employees hired after January 1, 2014 vest over a five-year schedule.

For the countries in which GMF operates outside the United States, most employees who are paid locally are citizens of the host country. These employees are generally not eligible for the GMF defined contribution plan, but they are eligible for local benefits in that country.

Note 11. Conditional Grant

Conditional contributions and grants are recognized as earned in the year in which GMF incurs qualified expenses which also meet the conditions. Conditional contribution and grant funds received in excess of costs incurred are recorded as Refundable advances until earned. Qualified expenses, which also meet the conditions, incurred in excess of funds received are recorded as grants receivable. As of December 31, 2024, the following are conditional contributions:

Funder	Total Conditional Grants	Amount Earned Through December 31, 2024	Amount Left to Earn
Grants from U.S. government	$ 59,014,867	$ 36,986,280	$ 22,028,587
Grants from institutional and non-US government	61,820,851	32,591,979	29,228,872
Grants from private donors	5,082,303	3,453,281	1,629,022
	$ 125,918,021	$ 73,031,540	$ 52,886,481

See also Note 2, Subsequent Events, related to the termination of USAID funding in February 2025.

GMF has awarded conditional grants to sub-grantees related to the performance of these projects. As of December 31, 2024, total conditional grants provided to sub-grantees was $41,240,946, with $37,245,841 earned through December 31, 2024 and $3,995,105 left to expense.

Note 12. Contingencies, Commitments and Tax Status

GMF participates in a number of grant programs which receive federal or other institutional assistance, which are subject to financial and compliance audits by the respective agencies or their representatives. As such, contingent liability may exist for potential questioned costs because of such audits. Management does not anticipate any significant adjustments because of such audits.

At times, GMF operates in developing foreign markets and may be subject to increased risks due to political and regulatory environments, and overall market and economic factors.

Tax Status

GMF is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and therefore exempt from Federal income taxes. GMF is subject to income taxes on unrelated business income as defined by the Internal Revenue Service and incurred an immaterial amount of net tax expense related to unrelated business income activities on its alternative investments for the year ended December 31, 2024. As of December 31, 2024, and for the year then ended, there were no material unrecognized/de-recognized tax benefits or tax penalties or interest.

LLC is a single member limited liability company for federal income tax purposes. All tax attributes flow through to GMF under this entity form. Accordingly, no provision for income taxes has been made.

TF is a foreign nonprofit foundation incorporated under the laws of Belgium. TF did not have any taxable activities for the year ended December 31, 2024.