

**FOREIGN POLICY RESEARCH INSTITUTE  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Foreign Policy Research Institute  
Philadelphia, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

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

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 Foreign Policy Research Institute's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' 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 auditors' 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 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, 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 Foreign Policy Research Institute'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 Foreign Policy Research Institute'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.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
August 9, 2022

**FOREIGN POLICY RESEARCH INSTITUTE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,678,941	\$ 1,230,687
Grants Receivable (Note 1)	473,141	101,590
Investments	15,059	13,185
Pledges Receivable (Note 5)	52,000	55,000
Royalties and Other Receivables	31,887	53,927
Prepaid Expenses and Other Assets	28,933	9,094
Total Current Assets	2,279,961	1,463,483
<b>PLEDGES RECEIVABLE, NET OF CURRENT PORTION</b>	71,404	14,957
<b>PROPERTY AND EQUIPMENT</b>		
Equipment at Cost	165,640	165,640
Less: Accumulated Depreciation	(160,522)	(151,746)
Total Property and Equipment	5,118	13,894
<b>OFFICE LEASE SECURITY DEPOSIT</b>	4,955	4,955
Total Assets	\$ 2,361,438	\$ 1,497,289
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 93,336	\$ 134,942
Deferred Income (Note 1)	55,095	69,299
Total Current Liabilities	148,431	204,241
<b>NET ASSETS</b>		
Without Donor Restrictions	716,773	140,000
With Donor Restrictions (Note 6)	1,496,234	1,153,048
Total Net Assets	2,213,007	1,293,048
Total Liabilities and Net Assets	\$ 2,361,438	\$ 1,497,289

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 917,053	\$ 334,588	\$ 1,251,641	\$ 445,868	\$ 284,937	\$ 730,805
Grants	297,543	1,464,155	1,761,698	186,718	1,185,343	1,372,061
Memberships and Partnerships	109,947	-	109,947	175,643	-	175,643
Royalties and Editorial Income	131,800	-	131,800	149,192	-	149,192
Event Income	6,598	-	6,598	190	-	190
Investment Income, Net	1,415	-	1,415	2,218	-	2,218
Other Income	173	-	173	4,436	-	4,436
Total Support	<u>1,464,529</u>	<u>1,798,743</u>	<u>3,263,272</u>	<u>964,265</u>	<u>1,470,280</u>	<u>2,434,545</u>
Net Assets Released from Restrictions	<u>1,455,557</u>	<u>(1,455,557)</u>	<u>-</u>	<u>1,417,890</u>	<u>(1,417,890)</u>	<u>-</u>
Total Support and Revenue	<u>2,920,086</u>	<u>343,186</u>	<u>3,263,272</u>	<u>2,382,155</u>	<u>52,390</u>	<u>2,434,545</u>
<b>EXPENSES</b>						
Program	1,778,694	-	1,778,694	1,921,873	-	1,921,873
Management and General	310,949	-	310,949	256,582	-	256,582
Fundraising	253,670	-	253,670	175,918	-	175,918
Total Expenses	<u>2,343,313</u>	<u>-</u>	<u>2,343,313</u>	<u>2,354,373</u>	<u>-</u>	<u>2,354,373</u>
<b>CHANGE IN NET ASSETS</b>	576,773	343,186	919,959	27,782	52,390	80,172
Net Assets - Beginning of Year	<u>140,000</u>	<u>1,153,048</u>	<u>1,293,048</u>	<u>112,218</u>	<u>1,100,658</u>	<u>1,212,876</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 716,773</u>	<u>\$ 1,496,234</u>	<u>\$ 2,213,007</u>	<u>\$ 140,000</u>	<u>\$ 1,153,048</u>	<u>\$ 1,293,048</u>

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Supporting Services				Total
	Program	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 646,896	\$ 167,377	\$ 179,512	\$ 346,889	\$ 993,785
Employee Health and Retirement Benefits	44,064	9,090	11,729	20,819	64,883
Payroll Taxes	49,597	11,409	12,535	23,944	73,541
Total Salaries and Related Expenses	<u>740,557</u>	<u>187,876</u>	<u>203,776</u>	<u>391,652</u>	<u>1,132,209</u>
Office and Equipment Rentals	10,313	7,077	69	7,146	17,459
Depreciation	5,183	3,558	35	3,593	8,776
Dissemination	20,751	296	4,650	4,946	25,697
Honoraria and Stipends	790,127	16,729	16,679	33,408	823,535
Information Systems	28,005	18,336	3,358	21,694	49,699
Occupancy	77,428	32,062	23,548	55,610	133,038
Outside Services	23,074	15,834	155	15,989	39,063
Supplies and Postage	12,795	4,568	395	4,963	17,758
Telephone and Internet	9,321	5,197	51	5,248	14,569
Travel	21,066	945	-	945	22,011
Conferences and Lectures	22,681	-	216	216	22,897
Meetings	1,278	590	-	590	1,868
Subscriptions and Memberships	-	801	-	801	801
Insurance	9,497	6,518	64	6,582	16,079
Finance Charges	3,792	1,852	18	1,870	5,662
Other	2,826	8,710	656	9,366	12,192
Total Other Expenses	<u>1,038,137</u>	<u>123,073</u>	<u>49,894</u>	<u>172,967</u>	<u>1,211,104</u>
Total Functional Expenses	<u>\$ 1,778,694</u>	<u>\$ 310,949</u>	<u>\$ 253,670</u>	<u>\$ 564,619</u>	<u>\$ 2,343,313</u>

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020**

	Supporting Services				Total
	Program	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 859,246	\$ 125,128	\$ 110,715	\$ 235,843	\$ 1,095,089
Employee Health and Retirement Benefits	51,290	10,952	6,644	17,596	68,886
Payroll Taxes	56,666	14,249	12,641	26,890	83,556
Total Salaries and Related Expenses	<u>967,202</u>	<u>150,329</u>	<u>130,000</u>	<u>280,329</u>	<u>1,247,531</u>
Office and Equipment Rentals	11,625	6,040	183	6,223	17,848
Depreciation	5,715	2,970	90	3,060	8,775
Dissemination	12,490	870	19,043	19,913	32,403
Honoraria and Stipends	707,383	17,527	-	17,527	724,910
Information Systems	35,050	15,382	1,317	16,699	51,749
Occupancy	71,441	30,286	20,394	50,680	122,121
Outside Services	14,001	7,275	220	7,495	21,496
Supplies and Postage	33,534	3,316	3,774	7,090	40,624
Telephone and Internet	9,682	4,164	126	4,290	13,972
Travel	18,638	2,343	-	2,343	20,981
Conferences and Lectures	6,508	382	247	629	7,137
Meetings	2,283	3,387	-	3,387	5,670
Subscriptions and Memberships	-	126	-	126	126
Insurance	10,175	5,287	160	5,447	15,622
Finance Charges	4,925	1,771	54	1,825	6,750
Other	11,221	5,127	310	5,437	16,658
Total Other Expenses	<u>954,671</u>	<u>106,253</u>	<u>45,918</u>	<u>152,171</u>	<u>1,106,842</u>
Total Functional Expenses	<u>\$ 1,921,873</u>	<u>\$ 256,582</u>	<u>\$ 175,918</u>	<u>\$ 432,500</u>	<u>\$ 2,354,373</u>

See accompanying Notes to Financial Statements.



**FOREIGN POLICY RESEARCH INSTITUTE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 919,959	\$ 80,172
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	8,776	8,775
Net Realized and Unrealized (Gain) on Investments	(1,404)	(1,150)
(Increase) Decrease in:		
Grants Receivable	(371,551)	231,345
Royalties and Other Receivables	22,040	4,580
Pledges Receivable	(53,447)	63,626
Prepaid Expenses and Other Assets	(19,839)	333
(Increase) Decrease in:		
Accounts Payable and Accrued Expenses	(41,606)	24,740
Deferred Income	(14,204)	(100,737)
Net Cash Provided by Operating Activities	448,724	311,684
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(470)	(49,640)
Proceeds from Sale of Investments	-	66,544
Net Cash (Used) Provided by Investing Activities	(470)	16,904
 <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	448,254	328,588
Cash and Cash Equivalents - Beginning of Year	1,230,687	902,099
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,678,941	\$ 1,230,687
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES</b>		
Equipment Acquired through Capital Lease	\$ -	\$ -

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Foreign Policy Research Institute (the Institute) is devoted to bringing the insights of scholars to bear on the development of policies that advance the United States of America's national interests. The Institute emphasizes the study of history, geography, and culture to illuminate contemporary international affairs. The Institute pursues its mission through Publications, Lectures, Webinars, Podcasts, Conferences, Research Projects conducted for Government Agencies and Private Foundations, Educational Programs for teachers and students, and the engagement of Research Interns.

**Financial Statement Presentation**

The Institute is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, depending on the existence or absence of any donor restrictions.

**Promises to Give and Contributions**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as net assets with donor restrictions or net assets without donor restrictions depending on the existence or absence of any donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

**Deferred Income**

Membership and partnership revenue is deferred at fiscal year-end. A proportionate amount of the yearly membership price is credited to revenue annually. Costs connected with the Institute's membership are expensed as incurred. Additionally, deferred income includes publication fees earned, but paid in the following year.

**Publications and Research Books**

Publication costs are expensed when incurred, and revenues are recorded when realized with the production, editorial, and sale, respectively, of publications by the Institute. Also, the substantial collection of research books and periodicals maintained by the Institute is not reflected in the statements of financial position, as its value is not readily determinable.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equipment and Depreciation**

The Institute capitalizes all expenditures for equipment in excess of \$2,000. Equipment is capitalized at cost. Maintenance and repairs are charged to operations as incurred. Depreciation is computed on a straight-line basis using estimated useful lives of three to seven years. Depreciation expense for the years ended of December 31, 2021 and 2020 was \$8,776 and \$8,775, respectively.

**Functional Expenses**

The costs of the Institute's programs and supporting services have been reported on a functional basis. This requires the allocation of certain costs among the various programs and supporting services benefited based on direct charges or time and effort. Accordingly, certain costs have been allocated among the classifications benefited: program, management and general, and fundraising. Allocations of employee expenses are based on estimated hours tracked by function within their areas of work. Additional expenses are allocated at year-end based on specific percentages.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Institute considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Grants Revenue and Receivable**

The Institute is awarded funding from external sources such as a federal agency or private organization. This funding could either signify a reciprocal (exchange) or nonreciprocal (nonexchange) transaction. In an exchange transaction, both the Institute and sponsor receives and gives up nearly equal value. In a nonexchange transaction, the resources provided by the sponsor could be for benefit of the Institute, to further the sponsor's mission, or the general public.

The revenue from exchange transactions is recognized as performance obligations are satisfied, which is often as allowable costs are incurred. As such, amounts received are recognized as revenue when the Institute has incurred expenditures in compliance with specific contract or grant provisions. The revenue from nonexchange transactions (conditional contributions) is generally subject to the following two conditions: 1) a barrier that must be overcome before the Institute is entitled to the funding promised and 2) a right of return of the funding provided by the sponsor or a right of release from the sponsor's obligation to provide the funding promised, if the barrier is not successfully overcome. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Institute recognized \$303,555 of grant revenues based on direct expenditures and related indirect costs funded by a conditional grant as of December 31, 2021. The Institute did not receive cost reimbursable grants in 2021.

The Institute expects grants receivable to be fully collectible within one year. Accordingly, no allowance for doubtful accounts is required. Balances that are still outstanding after the Institute has used reasonable collection efforts are written off through a charge to operations.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are recorded at fair value based upon quoted market prices. Realized and unrealized gains and losses are reflected in the statement of activities as investment income. Investment transactions are recorded on the trade date.

The Institute uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

*Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Equity securities and mutual funds valued using Level 1 inputs are traded on an active exchange. The Institute does not have any securities that are valued using Level 2 or Level 3 inputs.

**Donated Assets**

Donated marketable securities and other noncash donations are recorded as contributions at their fair market values at the date of donation.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Tax Status**

The Institute is exempt from Federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and applicable state law. Accordingly, there is no provision for income taxes. The Institute is not aware of any activities that would jeopardize its tax-exempt status, nor is it aware of any of its activities that are subject to tax on unrelated business income taxes.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Institute follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The application of this standard had no impact on the Institute's financial statements, as management has not taken any uncertain tax positions in 2021.

**Tax Status (Continued)**

The Institute's income tax returns are subject to review and examination by federal, state, and local authorities.

**Recent Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The ASU establishes guidance that will result in a more faithful representation of the rights and obligations arising from leases by requiring lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions. The new guidance will result in fewer opportunities for organizations to structure leasing transactions to achieve a particular accounting outcome on the statement of financial position and will improve the understanding and comparability of lessees' financial commitments regardless of the manner they choose to finance the assets used in their businesses. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which deferred the effective date to the year ending December 31, 2022. At adoption, the Institute will recognize a right-of-use asset and a lease liability measured at the present value of its operating lease payments. The Institute is assessing the impact this standard will have on its financial statements.

**Subsequent Events**

In preparing these financial statements, the Institute has evaluated subsequent events and transactions for potential recognition or disclosure through August 9, 2022, the date the financial statements were available to be issued. On July 12, 2022, the Institute executed a new office lease set to commence on January 1, 2023.

**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Performance Obligations and Revenue Recognition**

Memberships and partnerships revenue are on an anniversary-date basis and are recognized ratably over the membership/partnership period. Royalty and editorial income is recognized ratably over the periods covered. Grant revenue is recognized as expenditures are made for the particular grant. Any payments received prior to year-end related to future periods are recorded as Deferred Income in the accompanying statements of financial position. Deferred income includes the unearned portion of memberships, partnerships and editorial income at the end of the fiscal year. Grants receivable is revenue earned under the grant but not yet received. Royalties receivable is revenue earned under the royalty agreement but not yet received.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

**Performance Obligations and Revenue Recognition (Continued)**

The following table shows the Institute's revenues disaggregated according to the timing of the transfer of goods or services and by source for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Revenue Recognized at a Point in Time:		
Grants	<u>\$ 303,555</u>	<u>\$ 335,700</u>
Revenue Recognized Over Time:		
Memberships	\$ 55,803	\$ 60,757
Partnerships	54,144	114,886
Royalties	31,800	49,192
Editorial Income	100,000	100,000
Total	<u>\$ 241,747</u>	<u>\$ 324,835</u>

The Institute's contract assets and liabilities consist of the following at December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contract Assets:			
Accounts Receivable - Grants	\$ 473,141	\$ 101,590	\$ 37,300
Accounts Receivable - Royalties	31,327	48,550	53,732
Total	<u>\$ 504,468</u>	<u>\$ 150,140</u>	<u>\$ 91,032</u>
Contract Liabilities:			
Deferred Revenue - Memberships	\$ 32,020	\$ 29,580	\$ 41,134
Deferred Revenue - Partnerships	13,075	39,719	39,719
Deferred Revenue - Editorial Income	-	-	50,000
Total	<u>\$ 45,095</u>	<u>\$ 69,299</u>	<u>\$ 130,853</u>

**Transaction Price**

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Memberships and partnerships are reported at established rates. Editorial income is a fixed fee paid biannually as outlined in an executed contract. Royalties is a variable amount that is paid out once a certain dollar amount has been achieved. Grants are determined under the executed agreement.

**Contract Balances**

Revenue from memberships and partnerships is recognized ratably over the membership year. The Institute's performance obligations are to provide a minimum number of scheduled programs each year, impromptu briefings, and regular bulletins. As these performance obligations are satisfied over the course of a year, deferred income is reduced. Royalty and editorial income is recognized ratably throughout the term of the contract. The Institute's performance obligation is to review editorial content in exchange for a fixed fee, paid biannually. The balance of deferred income represents an installment payment received in advance for editorial services to be rendered the following year and accordingly, deferred income will be reduced as this performance obligation is satisfied subsequent to year-end.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 3 CONCENTRATION OF CREDIT RISK**

The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Institute's cash deposits may exceed the federally insured limits. The Institute has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 4 INVESTMENTS**

Investments consist of the following at December 31:

	2021	2020
Mutual Fund	\$ 15,059	\$ 13,185
Total Investments	<u>\$ 15,059</u>	<u>\$ 13,185</u>

Investment income consists of the following for the years ended December 31:

	2021	2020
Interest and Dividends	\$ 519	\$ 1,068
Net Realized and Unrealized Gain on Investments	1,355	1,150
Total Investment Income, Net	<u>\$ 1,874</u>	<u>\$ 2,218</u>

**NOTE 5 PLEDGES RECEIVABLE**

The Institute records unconditional promises to give as pledges receivable. Accounts are individually analyzed for collectability. Management determined no allowance for bad debts was necessary at December 31, 2021 and 2020. Pledges due beyond one year are discounted to the present value using a discount rate of 0.39%.

Pledges receivable consisted of the following at December 31:

	2021	2020
Receivable in Less Than One Year	\$ 52,000	\$ 55,000
Receivable in One to Five Years	72,000	15,000
Total	124,000	70,000
Less: Discounts to Present Value	596	43
Net Contribution Receivable	<u>\$ 123,404</u>	<u>\$ 69,957</u>

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods and net assets were released from donor restrictions by satisfying time and purpose restrictions as follows for the year ended at December 31, 2021:

	Beginning Balance	Gifts Received	Released from Restrictions	Ending Balance
Restricted for Purpose:				
Programs: Asia	\$ 133,851	\$ 287,756	\$ (193,591)	\$ 228,016
Programs: Chair in Geopolitics	-	45,300	(45,300)	-
Programs: Eurasia	256,950	300,000	(256,950)	300,000
Programs: Middle East	75,000	-	(12,385)	62,615
Programs: Teaching Military History & Center for the Study of America and the West	58,051	5,000	(29,915)	33,136
Programs: Education	87,018	6,414	(5,750)	87,682
Fellows: Distinguished Research Fellow	46,797	100,000	(103,346)	43,451
Fellows: Mideast Research Fellow	10,000	-	(10,000)	-
Fellows: Templeton Fellows	-	100,000	(100,000)	-
Fellows: Veterans Fellow	17,778	15,000	(13,194)	19,584
Research: Structural and Political Change in China	-	127,283	(127,283)	-
Research: Between Empire and Anarchy from the Mediterranean to China	164,957	-	(68,828)	96,129
Research: Export Controls & Semiconductor Supply Chains	36,445	-	(36,445)	-
Research: Managing the Second Nuclear Age	4,400	-	-	4,400
Research: The "New Turkey" Revolution	102,088	-	(44,959)	57,129
Research: Displacement & Dispossession in the 21st Century	41,140	-	-	41,140
Research: Russia's Military and Foreign Policy	-	94,931	(94,931)	-
Research: Engaging Arab Societies	16,165	-	(3,370)	12,795
Research: Foreign Influence Election 2020	17,148	-	(17,148)	-
Research: Stress-Testing the China-Russia Relationship	-	154,000	(31,900)	122,100
Research: The US in the Middle East	27,778	-	(27,778)	-
Research: The Atlantic System in a World of Great Power Rivalry	40,000	-	(40,000)	-
Research: Weaponizing Advanced Technologies	-	149,600	(44,069)	105,531
Research: Instability & Interrelated Conflicts in the Middle East	-	10,000	(10,000)	-
Research: Détente in Syria	-	49,500	(49,500)	-
Research: Turkish Revisionism	-	137,500	(32,116)	105,384
Research: Understanding Russia's Technological Future	-	38,585	(14,693)	23,892
Project: Intern Support	-	20,000	(4,711)	15,289
Project: Intern Scholarships	17,482	1,874	-	19,356
Savitz Memorial Lecture on Cultural Diplomacy	-	36,000	-	36,000
Program: Podcasts	-	20,000	(12,395)	7,605
Restricted for Purpose	<u>1,153,048</u>	<u>1,698,743</u>	<u>(1,430,557)</u>	<u>1,421,234</u>
Restricted for Time:				
Pledges for Operations: Restricted for Time	-	100,000	(25,000)	75,000
Total	<u>\$ 1,153,048</u>	<u>\$ 1,798,743</u>	<u>\$ (1,455,557)</u>	<u>\$ 1,496,234</u>



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**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets with donor restrictions are restricted for the following purposes or periods and net assets were released from donor restrictions by satisfying time and purpose restrictions as follows for the year ended at December 31, 2020:

	Beginning Balance	Gifts Received	Released from Restrictions	Ending Balance
Restricted for Purpose:				
Programs: Asia	\$ 135,000	\$ 125,000	\$ (126,149)	\$ 133,851
Programs: Chair in Geopolitics	-	80,244	(80,244)	-
Programs: Eurasia	215,001	250,000	(208,051)	256,950
Programs: Middle East	3,956	75,000	(3,956)	75,000
Programs: Teaching Military History & Center for the Study of America and the West	89,932	-	(31,881)	58,051
Programs: Education	54,991	78,692	(46,665)	87,018
Fellows: Distinguished Research Fellow	46,955	100,000	(100,158)	46,797
Fellows: Mideast Research Fellow	-	10,000	-	10,000
Fellows: Templeton Fellows	94,930	-	(94,930)	-
Fellows: Veterans Fellow	25,000	-	(7,222)	17,778
Research: American Vulnerabilities Project	17,812	-	(17,812)	-
Research: Between Empire and Anarchy from the Mediterranean to China	-	178,311	(13,354)	164,957
Research: Ending the Wars in Syria and Iraq	-	61,140	(61,140)	-
Research: Export Controls & Semiconductor Supply Chains	-	50,000	(13,555)	36,445
Research: Managing the Second Nuclear Age	4,400	-	-	4,400
Research: The "New Turkey" Revolution	149,600	-	(47,512)	102,088
Research: Displacement & Dispossession in the 21st Century	41,140	-	-	41,140
Research: Russian Power in the Pacific	12,108	-	(12,108)	-
Research: Engaging Arab Societies	26,400	-	(10,235)	16,165
Research: The Hunt for Mobile Missiles and Nuclear Stability	18,643	-	(18,643)	-
Research: Cyber Intrusion and the Threat to the U.S. Economy	19,006	-	(19,006)	-
Research: Democracy in Iraq	12,426	-	(12,426)	-
Research: Foreign Influence Election 2020	81,103	25,000	(88,955)	17,148
Research: Mapping Russia's Economic Leverage	21,305	-	(21,305)	-
Research: Military Defense & US Sanctions	10,661	335,700	(346,361)	-
Research: The US in the Middle East	-	50,000	(22,222)	27,778
Research: Transatlantic Turkey Trialog	-	4,000	(4,000)	-
Research: The Atlantic System in a World of Great Power Rivalry	-	40,000	-	40,000
Project: Intern Scholarships	10,289	7,193	-	17,482
Restricted for Purpose	1,090,658	1,470,280	(1,407,890)	1,153,048
Restricted for Time:				
Pledges for Operations: Restricted for Time	10,000	-	(10,000)	-
Total	<u>\$ 1,100,658</u>	<u>\$ 1,470,280</u>	<u>\$ (1,417,890)</u>	<u>\$ 1,153,048</u>

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**NOTE 7 EMPLOYEE RETIREMENT PLAN**

The Institute has a contributory retirement plan in accordance with Section 403(b) of the IRC. Employees may contribute up to the limits allowable by the IRC. The Institute will match employee contributions up to 5% of their eligible salary.

For the years ended of December 31, 2021 and 2020, pension expense was \$24,560 and \$21,617, respectively.

**NOTE 8 OPERATING AND CAPITAL LEASE COMMITMENTS**

The Institute leases its office in Philadelphia, Pennsylvania, under a long-term, noncancellable lease arrangement expiring December 31, 2021. The current minimum monthly base rent is \$8,923 with an increase occurring each January.

Rent expense for the years ended of December 31, 2021 and 2020 was \$133,038 and \$121,629, respectively, which includes common building expenses.

The Institute also leases office equipment under long-term, noncancellable lease arrangements with minimum monthly payments of \$1,597, expiring from March 2020 through December 2023.

Office equipment lease expense for the years ended of December 31, 2021 and 2020 was \$17,459 and \$17,624, respectively.

The Institute leases a server under a long-term, noncancellable capital lease arrangement with a minimum monthly payment of \$846, expiring in July 2022. The capital lease expense for the years ended of December 31, 2021 and 2020 was \$10,152 and \$10,152.

Future minimum annual lease payments for operating and capital leases are as follows:

<u>Year Ending December 31,</u>	<u>Operating</u>	<u>Capital</u>
2022	\$ 25,061	\$ 5,922
2023	14,795	-
Total	<u>\$ 39,856</u>	<u>\$ 5,922</u>

**NOTE 9 LIQUIDITY**

As part of the Institute's liquidity management, cash in excess of daily requirements is invested in short-term investments, preserving at least 60 days of normal operating expenses in liquid financial assets. The Institute does not have a board-designated reserve fund or a working capital line of credit.

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**NOTE 9 LIQUIDITY (CONTINUED)**

The Institute includes both restricted and operational assets being available for general expenditure within one year of December 31, they are as follows:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,678,941	\$ 1,230,687
Investments	15,059	13,185
Grants Receivable	473,141	101,590
Pledges Receivable	52,000	55,000
Royalties and Other Receivables	31,887	53,927
Total	<u>\$ 2,251,028</u>	<u>\$ 1,454,389</u>

**NOTE 10 PAYCHECK PROTECTION PROGRAM**

On May 8, 2020, the Institute received proceeds in the amount of \$167,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Institution has classified this loan as a conditional contribution for accounting purposes. The Institution recognized \$167,100 of grant revenue related to this agreement during the year ended December 31, 2020, which represents the portion of the PPP loan funds for which the performance barriers have been met. The covered period from 5/8/2020 – 7/2/2020 is the time that the Institute had to spend their PPP Loan funds.

On March 2, 2021, the Institute received notice from the U.S. Small Business Administration that their Paycheck Protection Program promissory note was forgiven in full. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Institute's financial position.