

**FOREIGN POLICY RESEARCH INSTITUTE
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**



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**FOREIGN POLICY RESEARCH INSTITUTE
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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, 2022 and 2021, 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, 2022 and 2021, 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

King of Prussia, Pennsylvania
October 13, 2023

**FOREIGN POLICY RESEARCH INSTITUTE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,094,161	\$ 1,678,941
Grants Receivable (Note 1)	121,241	473,141
Investments	12,515	15,059
Pledges Receivable (Note 5)	167,000	52,000
Royalties and Other Receivables	82,675	31,887
Prepaid Expenses and Other Assets	40,936	28,933
Total Current Assets	2,518,528	2,279,961
PLEDGES RECEIVABLE, NET OF CURRENT PORTION	124,107	71,404
PROPERTY AND EQUIPMENT		
Equipment at Cost	184,557	165,640
Less: Accumulated Depreciation	(164,909)	(160,522)
Total Property and Equipment	19,648	5,118
RIGHT OF USE ASSET - OPERATING	59,360	-
OFFICE LEASE SECURITY DEPOSIT	44,998	4,955
Total Assets	\$ 2,766,641	\$ 2,361,438
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 130,045	\$ 93,336
Operating Lease Liability, Current Portion	19,701	-
Deferred Income (Note 1)	56,233	55,095
Total Current Liabilities	205,979	148,431
OPERATING LEASE LIABILITY, NET OF CURRENT PORTION	38,111	-
Total Liabilities	244,090	148,431
NET ASSETS		
Without Donor Restrictions	1,122,102	716,773
With Donor Restrictions (Note 6)	1,400,449	1,496,234
Total Net Assets	2,522,551	2,213,007
Total Liabilities and Net Assets	\$ 2,766,641	\$ 2,361,438

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 517,422	\$ 653,118	\$ 1,170,540	\$ 917,053	\$ 334,588	\$ 1,251,641
Grants	226,551	1,305,983	1,532,534	297,543	1,464,155	1,761,698
Memberships and Partnerships	84,273	-	84,273	109,947	-	109,947
Royalties and Editorial Income	176,840	-	176,840	131,800	-	131,800
Event Income	25,248	-	25,248	6,598	-	6,598
Investment Income (Loss), Net	(898)	-	(898)	1,415	-	1,415
Other Income	28,378	-	28,378	173	-	173
Total Support	<u>1,057,814</u>	<u>1,959,101</u>	<u>3,016,915</u>	<u>1,464,529</u>	<u>1,798,743</u>	<u>3,263,272</u>
Net Assets Released from Restrictions	<u>2,054,886</u>	<u>(2,054,886)</u>	<u>-</u>	<u>1,455,557</u>	<u>(1,455,557)</u>	<u>-</u>
Total Support and Revenue	<u>3,112,700</u>	<u>(95,785)</u>	<u>3,016,915</u>	<u>2,920,086</u>	<u>343,186</u>	<u>3,263,272</u>
EXPENSES						
Program	1,989,398	-	1,989,398	1,778,694	-	1,778,694
Management and General	367,553	-	367,553	310,949	-	310,949
Fundraising	350,420	-	350,420	253,670	-	253,670
Total Expenses	<u>2,707,371</u>	<u>-</u>	<u>2,707,371</u>	<u>2,343,313</u>	<u>-</u>	<u>2,343,313</u>
CHANGE IN NET ASSETS	405,329	(95,785)	309,544	576,773	343,186	919,959
Net Assets - Beginning of Year	<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>
NET ASSETS - END OF YEAR	<u>\$ 1,122,102</u>	<u>\$ 1,400,449</u>	<u>\$ 2,522,551</u>	<u>\$ 716,773</u>	<u>\$ 1,496,234</u>	<u>\$ 2,213,007</u>

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Supporting Services			Total Supporting Services	Total
	Program	Management and General	Fundraising		
Salaries	\$ 809,671	\$ 151,106	\$ 249,363	\$ 400,469	\$ 1,210,139
Employee Health and Retirement Benefits	58,126	11,315	22,683	33,998	92,124
Payroll Taxes	60,994	10,061	17,032	27,093	88,087
Total Salaries and Related Expenses	<u>928,791</u>	<u>172,483</u>	<u>289,077</u>	<u>461,559</u>	<u>1,390,350</u>
Office and Equipment Rentals	9,358	6,422	63	6,484	15,842
Depreciation	2,591	1,778	17	1,796	4,387
Dissemination	24,199	782	10,437	11,219	35,418
Honoraria and Stipends	643,579	500	-	500	644,079
Information Systems	37,339	21,064	4,587	25,651	62,990
Occupancy	83,769	52,704	562	53,266	137,035
Outside Services	18,917	13,215	127	13,342	32,259
Supplies and Postage	18,304	8,335	8,844	17,180	35,484
Telephone and Internet	21,581	16,545	145	16,690	38,271
Travel	99,127	5,180	4,919	10,098	109,226
Conferences and Lectures	55,358	4,494	28,919	33,413	88,771
Meetings	13,629	4,661	123	4,784	18,413
Subscriptions and Memberships	187	11,976	-	11,976	12,163
Insurance	8,536	5,858	57	5,915	14,451
Finance Charges	3,399	2,333	23	2,355	5,755
Other	20,733	39,223	2,520	41,743	62,476
Total Other Expenses	<u>1,060,607</u>	<u>195,070</u>	<u>61,343</u>	<u>256,413</u>	<u>1,317,020</u>
Total Functional Expenses	<u>\$ 1,989,398</u>	<u>\$ 367,553</u>	<u>\$ 350,420</u>	<u>\$ 717,973</u>	<u>\$ 2,707,371</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	740,557	187,876	203,776	391,652	1,132,209
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	1,038,137	123,073	49,894	172,967	1,211,104
Total Functional Expenses	\$ 1,778,694	\$ 310,949	\$ 253,670	\$ 564,619	\$ 2,343,313

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 309,544	\$ 919,959
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,387	8,776
Net Realized and Unrealized (Gain) Loss on Investments	2,544	(1,404)
(Increase) Decrease in:		
Grants Receivable	351,900	(371,551)
Royalties and Other Receivables	(50,788)	22,040
Pledges Receivable	(167,703)	(53,447)
Right of Use Asset	(59,360)	-
Prepaid Expenses and Other Assets	(52,046)	(19,839)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	36,709	(41,606)
Operating Lease Liability	63,654	-
Deferred Income	1,138	(14,204)
Net Cash Provided by Operating Activities	439,979	448,724
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant, and Equipment	(18,917)	-
Purchase of Investments	-	(470)
Net Cash Used by Investing Activities	(18,917)	(470)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Financing Lease	(5,842)	-
INCREASE IN CASH AND CASH EQUIVALENTS	415,220	448,254
Cash and Cash Equivalents - Beginning of Year	1,678,941	1,230,687
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,094,161	\$ 1,678,941

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Resources over which the Institute has discretionary control.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Institute or passage of time.

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.

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.

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.

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 3 to 7 years. Depreciation expense for the years ended of December 31, 2022 and 2021 was \$4,387 and \$8,776, respectively.

**FOREIGN POLICY RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 \$228,445 of grant revenues based on direct expenditures and related indirect costs funded by a conditional grant as of December 31, 2022.

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.

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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Institute determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Institute’s right to use an underlying asset for the lease term and lease liabilities represent the Institute’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Institute will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Fair Value Measurements

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.

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.

**FOREIGN POLICY RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Institute follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The application of this standard has no impact on the Institute's financial statements, as management has not taken any uncertain tax positions in 2022.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Institute adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The Institute has elected to adopt the package of practical expedients available in the year of adoption.

As a result of the adoption of the new lease accounting guidance, the Institute recognized on January 1, 2022 a lease liability at the carrying amount of the capital lease obligations of \$20,925 and a right-of-use asset at the carrying amount of the capital lease asset of \$26,325. The Institute also recognized on January 1, 2022 a lease liability of \$91,742, which represents the present value of the remaining operating lease payments of \$80,780, discounted using the Company's incremental borrowing rate of 3.60%, and a right-of-use asset of \$88,898 which represents the operating lease liability of \$91,742 and adjusted for accrued rent previously recorded.

The standard had a material impact on the statement of financial position but did not have an impact on the statement of activities, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the Institute's accounting for finance leases remained substantially unchanged.

Subsequent Events

In preparing these financial statements, the Institute has evaluated subsequent events and transactions for potential recognition or disclosure through October 13, 2023, the date the financial statements were available to be issued.

**FOREIGN POLICY RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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.

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>2022</u>	<u>2021</u>
Revenue Recognized at a Point in Time:		
Grants	<u>\$ 228,445</u>	<u>\$ 303,555</u>
Revenue Recognized Over Time:		
Memberships	\$ 53,198	\$ 55,803
Partnerships	31,075	54,144
Royalties	26,840	31,800
Editorial Income	150,000	100,000
Total	<u>\$ 261,113</u>	<u>\$ 241,747</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contract Assets:			
Accounts Receivable - Grants	\$ 121,241	\$ 473,141	\$ 101,590
Accounts Receivable - Royalties	26,283	31,327	48,550
Total	<u>\$ 147,524</u>	<u>\$ 504,468</u>	<u>\$ 150,140</u>
Contract Liabilities:			
Deferred Revenue - Memberships	\$ 29,079	\$ 32,020	\$ 29,580
Deferred Revenue - Partnerships	27,154	13,075	39,719
Total	<u>\$ 56,233</u>	<u>\$ 45,095</u>	<u>\$ 69,299</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.

**FOREIGN POLICY RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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.

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Mutual Fund	\$ 12,515	\$ 15,059
Total Investments	<u>\$ 12,515</u>	<u>\$ 15,059</u>

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

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 3,086	\$ 519
Net Realized and Unrealized Gain (Loss) on Investments	(3,809)	1,355
Total Investment Income, Net	<u>\$ (723)</u>	<u>\$ 1,874</u>

NOTE 4 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, 2022 and 2021. 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:

	<u>2022</u>	<u>2021</u>
Receivable in Less Than One Year	\$ 167,000	\$ 52,000
Receivable in One to Five Years	129,977	72,000
Total	296,977	124,000
Less: Discounts to Present Value	5,870	596
Net Pledges Receivable	<u>\$ 291,107</u>	<u>\$ 123,404</u>

**FOREIGN POLICY RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 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, 2022:

	Beginning Balance	Gifts Received	Released from Restrictions	Ending Balance
Restricted for Purpose:				
Programs: Asia	\$ 228,016	\$ 255,000	\$ (275,856)	\$ 207,160
Programs: Chair in Geopolitics	-	88,118	(77,977)	10,141
Programs: Education	87,682	6,208	(80,500)	13,390
Programs: Eurasia	300,000	300,000	(299,600)	300,400
Programs: Intern Support	34,645	17,456	(6,452)	45,649
Programs: Middle East	62,615	-	(62,615)	-
Programs: Podcasts	7,605	-	(7,320)	285
Programs: Savitz Memorial Lecture on Cultural Diplomacy	36,000	-	(10,151)	25,849
Programs: Teaching Military History & Center for the Study of America and the West	33,136	(10,000)	(23,136)	-
Fellows: Distinguished Research Fellow	43,451	100,000	(42,178)	101,273
Fellows: Templeton Fellows	-	100,000	(100,000)	-
Fellows: Veterans Fellow	19,584	-	(556)	19,028
Research: Structural and Political Change in China	-	42,757	(42,757)	-
Research: Between Empire and Anarchy from the Mediterranean to China	96,129	-	(76,123)	20,006
Research: Managing the Second Nuclear Age	4,400	-	-	4,400
Research: The "New Turkey" Revolution	57,129	-	(28,077)	29,052
Research: Displacement & Dispossession in the 21st Century	41,140	-	-	41,140
Research: Engaging Arab Societies	12,795	-	(12,795)	-
Research: Stress-Testing the China-Russia Relationship	122,100	-	(94,047)	28,053
Research: Weaponizing Advanced Technologies	105,531	-	(88,598)	16,933
Research: Turkish Revisionism	105,384	-	(103,084)	2,300
Research: Understanding Russia's Technological Future	23,892	185,688	(209,580)	-
Research: Taiwan and Miyako Straits Strategic Trialogue	-	142,887	(142,887)	-
Research: Nuclear Stability and Escalation Risks in Europe 2027-2032	-	40,563	(5,550)	35,013
Research: The Future of U.S. Sanctions: Lessons from Russia Sanctions on High-Tech Sectors	-	50,000	-	50,000
Research: Drawing Lessons from the Russia-Ukraine War	-	215,600	(35,200)	180,400
Research: Russian Concepts of Future Warfare	-	93,824	(93,824)	-
Research: The East Mediterranean & Interlinked Security Challenges	-	11,000	(11,000)	-
Restricted for Purpose	<u>1,421,234</u>	<u>1,639,101</u>	<u>(1,929,863)</u>	<u>1,130,472</u>
Restricted for Time:				
Pledges for Operations: Restricted for Time	<u>75,000</u>	<u>320,000</u>	<u>(125,023)</u>	<u>269,977</u>
Total	<u>\$ 1,496,234</u>	<u>\$ 1,959,101</u>	<u>\$ (2,054,886)</u>	<u>\$ 1,400,449</u>

**FOREIGN POLICY RESEARCH INSTITUTE
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Note 5 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, 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	1,153,048	1,698,743	(1,430,557)	1,421,234
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>

**FOREIGN POLICY RESEARCH INSTITUTE
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NOTE 6 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, 2022 and 2021, pension expense was \$33,884 and \$24,560, respectively.

NOTE 7 LEASES

The Institute leases its office in Philadelphia, Pennsylvania, under a long-term, noncancellable lease arrangement expiring December 31, 2022. The current minimum monthly base rent is \$9,191. Rent expense for the years ended of December 31, 2022 and 2021 was \$141,817 and \$133,038, respectively, which includes common building expenses.

The Institute also leases office equipment under long-term, noncancellable lease arrangements with minimum monthly payments of \$1,497, expiring through December 2023.

Office equipment lease expense for the years ended of December 31, 2022 and 2021 was \$15,693 and \$17,459, respectively.

The Institute leases a server under a noncancellable finance lease arrangement with a minimum monthly payment of \$846, which expired in July 2022. The finance lease expense for the year ended December 31, 2022 and 2021 was \$5,922 and the capital lease expense for the year ended December 31, 2021 was \$10,152, respectfully.

The following tables provide quantitative information concerning the Institute's leases for the year ended December 31, 2022:

Lease Cost

Operating Lease Cost	\$ 124,205
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Other Information

Cash Paid for Amounts Included in the

Measurement of Lease Liabilities:

Operating Cash Flows from Operating Leases	\$ 15,497
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Right-of-Use Assets Obtained in Exchange for New

Operating Lease Liabilities:	\$ 46,061
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Weighted-Average Remaining Lease Term -

Operating Leases	4.1 years
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Weighted-Average Discount Rate - Operating Leases	3.60%
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**FOREIGN POLICY RESEARCH INSTITUTE
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Operating</u>
2023	\$ 21,419
2024	10,272
2025	10,272
2026	10,272
2027	9,613
Thereafter	<u>591</u>
Undiscounted Cash Flows	62,439
(Less) Imputed interest	<u>(4,627)</u>
Total Present Value	<u>\$ 57,812</u>
Short-Term Lease Liabilities	19,701
Long-Term Lease Liabilities	<u>38,111</u>
	<u>\$ 57,812</u>

In July 2022, the Institute signed a long-term lease agreement for new office space expiring in 2034. The lease commencement date is January 1, 2023 at which time the Institute has a right to use the office space. Minimum monthly payments will be \$10,011 with an increase occurring each January.

NOTE 8 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.

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

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 2,094,161	\$ 1,678,941
Investments	12,515	15,059
Grants Receivable	121,241	473,141
Pledges Receivable	156,859	52,000
Royalties and Other Receivables	<u>82,675</u>	<u>31,887</u>
Total	<u>\$ 2,467,451</u>	<u>\$ 2,251,028</u>

**FOREIGN POLICY RESEARCH INSTITUTE
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NOTE 9 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.