

**FOREIGN POLICY RESEARCH INSTITUTE  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**



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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, 2023 and 2022, 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, 2023 and 2022, and the changes in 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  
June 4, 2024

**FOREIGN POLICY RESEARCH INSTITUTE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,715,543	\$ 2,094,161
Grants Receivable (Note 1)	64,189	121,241
Investments	14,714	12,515
Pledges Receivable (Note 4)	166,977	167,000
Royalties and Other Receivables	66,370	82,675
Prepaid Expenses and Other Assets	23,750	40,936
Total Current Assets	2,051,543	2,518,528
<b>PLEDGES RECEIVABLE, NET OF CURRENT PORTION</b>	19,042	124,107
<b>PROPERTY AND EQUIPMENT</b>		
Equipment at Cost	260,988	184,557
Less: Accumulated Depreciation	(174,513)	(164,909)
Total Property and Equipment	86,475	19,648
<b>RIGHT OF USE ASSET - OPERATING</b>	1,126,017	59,360
<b>OFFICE LEASE SECURITY DEPOSIT</b>	40,043	44,998
Total Assets	\$ 3,323,120	\$ 2,766,641
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 70,043	\$ 130,045
Operating Lease Liability, Current Portion	103,815	19,701
Deferred Income (Note 1)	36,921	56,233
Total Current Liabilities	210,779	205,979
<b>OTHER LIABILITIES (NOTE 10)</b>	79,108	-
<b>OPERATING LEASE LIABILITY, NET OF CURRENT PORTION</b>	1,120,283	38,111
Total Liabilities	1,410,170	244,090
<b>NET ASSETS</b>		
Without Donor Restrictions	794,267	1,122,102
With Donor Restrictions (Note 5)	1,118,683	1,400,449
Total Net Assets	1,912,950	2,522,551
Total Liabilities and Net Assets	\$ 3,323,120	\$ 2,766,641

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 368,351	\$ 246,128	\$ 614,479	\$ 517,422	\$ 653,118	\$ 1,170,540
Grants	286,987	903,540	1,190,527	226,551	1,305,983	1,532,534
Memberships and Partnerships	89,139	-	89,139	84,273	-	84,273
Royalties and Editorial Income	115,591	-	115,591	176,840	-	176,840
Event Income	155,297	-	155,297	25,248	-	25,248
Investment Income (Loss), Net	34,247	-	34,247	(898)	-	(898)
Other Income	253,175	-	253,175	28,378	-	28,378
Total Support	<u>1,302,787</u>	<u>1,149,668</u>	<u>2,452,455</u>	<u>1,057,814</u>	<u>1,959,101</u>	<u>3,016,915</u>
Net Assets Released from Restrictions	<u>1,431,434</u>	<u>(1,431,434)</u>	<u>-</u>	<u>2,054,886</u>	<u>(2,054,886)</u>	<u>-</u>
Total Support and Revenue	<u>2,734,221</u>	<u>(281,766)</u>	<u>2,452,455</u>	<u>3,112,700</u>	<u>(95,785)</u>	<u>3,016,915</u>
<b>EXPENSES</b>						
Program	2,286,207	-	2,286,207	1,989,398	-	1,989,398
Management and General	209,992	-	209,992	367,553	-	367,553
Fundraising	565,857	-	565,857	350,420	-	350,420
Total Expenses	<u>3,062,056</u>	<u>-</u>	<u>3,062,056</u>	<u>2,707,371</u>	<u>-</u>	<u>2,707,371</u>
<b>CHANGE IN NET ASSETS</b>	(327,835)	(281,766)	(609,601)	405,329	(95,785)	309,544
Net Assets - Beginning 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>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 794,267</u>	<u>\$ 1,118,683</u>	<u>\$ 1,912,950</u>	<u>\$ 1,122,102</u>	<u>\$ 1,400,449</u>	<u>\$ 2,522,551</u>

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2023**

	Supporting Services				Total
	Program	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 923,179	\$ 139,489	\$ 327,637	\$ 467,126	\$ 1,390,305
Employee Health and Retirement Benefits	79,081	12,295	27,997	40,292	119,373
Payroll Taxes	71,568	10,844	26,025	36,869	108,437
Total Salaries and Related Expenses	<u>1,073,828</u>	<u>162,628</u>	<u>381,659</u>	<u>544,287</u>	<u>1,618,115</u>
Office and Equipment Rentals	6,335	960	2,304	3,264	9,599
Depreciation	6,339	961	2,305	3,266	9,605
Dissemination	21,798	482	4,175	4,657	26,455
Honoraria and Stipends	621,472	-	-	-	621,472
Information Systems	47,878	7,254	17,861	25,115	72,993
Occupancy	101,915	15,442	37,060	52,502	154,417
Outside Services	61,514	4,150	9,961	14,111	75,625
Supplies and Postage	21,619	12,247	6,795	19,042	40,661
Telephone and Internet	10,202	1,292	3,101	4,393	14,595
Travel	187,905	-	32,649	32,649	220,554
Conferences and Lectures	87,425	500	42,271	42,771	130,196
Meetings	8,740	-	4,448	4,448	13,188
Subscriptions and Memberships	-	-	9,222	9,222	9,222
Insurance	12,874	1,951	4,681	6,632	19,506
Finance Charges	1,800	587	3,858	4,445	6,245
Other	14,563	1,538	3,507	5,045	19,608
Total Other Expenses	<u>1,212,379</u>	<u>47,364</u>	<u>184,198</u>	<u>231,562</u>	<u>1,443,941</u>
Total Functional Expenses	<u>\$ 2,286,207</u>	<u>\$ 209,992</u>	<u>\$ 565,857</u>	<u>\$ 775,849</u>	<u>\$ 3,062,056</u>

See accompanying Notes to Financial Statements.

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

	Supporting Services				Total
	Program	Management and General	Fundraising	Total Supporting Services	
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  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (609,601)	\$ 309,544
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	9,605	4,387
Net Realized and Unrealized (Gain) Loss on Investments	(2,199)	2,544
(Increase) Decrease in:		
Grants Receivable	57,052	351,900
Royalties and Other Receivables	16,305	(50,788)
Pledges Receivable	105,088	(167,703)
Right of Use Asset	(1,066,657)	(59,360)
Prepaid Expenses and Other Assets	22,141	(52,046)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(60,002)	36,709
Operating Lease Liability	1,172,128	63,654
Deferred Income	(19,312)	1,138
Other Liabilities	79,108	-
Net Cash Provided (Used) by Operating Activities	(296,344)	439,979
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant, and Equipment	(76,432)	(18,917)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Financing Lease	(5,842)	(5,842)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(378,618)	415,220
Cash and Cash Equivalents - Beginning of Year	2,094,161	1,678,941
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,715,543	\$ 2,094,161

See accompanying Notes to Financial Statements.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**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 statements 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, 2023 and 2022 was \$9,605 and \$4,387, respectively.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**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 \$383,540 of grant revenues based on direct expenditures and related indirect costs funded by a conditional grant as of December 31, 2023.

Grant receivable is stated at their estimated net realizable values. Grant receivables do not bear interest. 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. The allowance for credit losses is based upon historical loss experience, current economic conditions, customer creditworthiness and other forward-looking factors. Management deemed an allowance for credit losses was not necessary at December 31, 2023 and 2022.

**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.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**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.

**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.

**FOREIGN POLICY RESEARCH INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**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. 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 2023.

**Adoption of New Accounting Standard**

On January 1, 2023, the Institute adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Measurement of Credit Losses in Financial Statements*, the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Institute's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. There was no material impact on the statement of financial position and statement of activities due to the adoption of this accounting standard.

**Subsequent Events**

In preparing these financial statements, the Institute has evaluated subsequent events and transactions for potential recognition or disclosure through June 4, 2024, the date the financial statements were available to be issued.

**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, 2023 AND 2022**

**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>2023</u>	<u>2022</u>
Revenue Recognized at a Point in Time:		
Grants	<u>\$ 286,987</u>	<u>\$ 226,551</u>
Revenue Recognized Over Time:		
Memberships	\$ 47,402	\$ 53,198
Partnerships	41,737	31,075
Royalties	15,135	26,840
Editorial Income	100,456	150,000
Total	<u>\$ 204,730</u>	<u>\$ 261,113</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contract Assets:			
Accounts Receivable - Grants	\$ 64,189	\$ 121,241	\$ 473,141
Accounts Receivable - Royalties	65,496	26,283	31,327
Total	<u>\$ 129,685</u>	<u>\$ 147,524</u>	<u>\$ 504,468</u>
Contract Liabilities:			
Deferred Revenue - Memberships	\$ 18,872	\$ 29,079	\$ 32,020
Deferred Revenue - Partnerships	12,917	27,154	13,075
Total	<u>\$ 31,789</u>	<u>\$ 56,233</u>	<u>\$ 45,095</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, 2023 AND 2022**

**NOTE 3 INVESTMENTS**

Investments consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Mutual Fund	\$ 14,714	\$ 12,515
Total Investments	<u>\$ 14,714</u>	<u>\$ 12,515</u>

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

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 32,941	\$ 3,086
Net Realized and Unrealized Gain (Loss) on Investments	1,306	(3,809)
Total Investment Income, Net	<u>\$ 34,247</u>	<u>\$ (723)</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, 2023 and 2022. Pledges due beyond one year are discounted to the present value using a discount rate of 4.79%. Pledges receivable consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Receivable in Less Than One Year	\$ 166,977	\$ 167,000
Receivable in One to Five Years	20,000	129,977
Total	186,977	296,977
Less: Discounts to Present Value	958	5,870
Net Pledges Receivable	<u>\$ 186,019</u>	<u>\$ 291,107</u>

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**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, 2023:

	Beginning Balance	Gifts Received	Released from Restrictions	Ending Balance
Restricted for Purpose:				
Programs: Asia	\$ 207,160	\$ 270,000	\$ (158,246)	\$ 318,914
Programs: Education	13,390	-	(13,390)	-
Programs: Eurasia	300,400	290,000	(300,400)	290,000
Programs: Intern Support	45,649	55,128	(27,595)	73,182
Programs: Podcasts	285	-	(285)	-
Programs: Savitz Memorial Lecture on Cultural Diplomacy	25,849	-	-	25,849
Programs: Teaching Military History & Center for the Study of America and the West	-	51,000	(29,593)	21,407
Fellows: Distinguished Research Fellow	101,273	-	(28,326)	72,947
Fellows: Templeton Fellows	-	100,000	(100,000)	-
Fellows: Veterans Fellow	19,028	-	-	19,028
Research: Between Empire and Anarchy from the Mediterranean to China	20,006	-	(20,006)	-
Research: Managing the Second Nuclear Age	4,400	-	-	4,400
Research: The "New Turkey" Revolution	29,052	-	(8,041)	21,011
Research: Displacement & Dispossession in the 21st Century	41,140	-	-	41,140
Research: Stress-Testing the China-Russia Relationship	28,053	-	(28,053)	-
Research: Weaponizing Advanced Technologies	27,074	-	(27,074)	-
Research: Turkish Revisionism	2,300	-	(2,300)	-
Research: Nuclear Stability and Escalation Risks in Europe 2027-2032	35,013	132,477	(167,490)	-
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	180,400	-	(74,572)	105,828
Research: Russian Concepts of Future Warfare	-	131,063	(131,063)	-
Research: The East Mediterranean & Interlinked Security Challenges	-	120,000	(120,000)	-
Total Restricted for Purpose	<u>1,130,472</u>	<u>1,149,668</u>	<u>(1,286,434)</u>	<u>993,706</u>
Restricted for Time:				
Pledges for Operations: Restricted for Time	269,977	-	(145,000)	124,977
Total	<u>\$ 1,400,449</u>	<u>\$ 1,149,668</u>	<u>\$ (1,431,434)</u>	<u>\$ 1,118,683</u>



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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, 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: 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 Dialogue	-	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)	-
Total 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	75,000	320,000	(125,023)	269,977
Total	<u>\$ 1,496,234</u>	<u>\$ 1,959,101</u>	<u>\$ (2,054,886)</u>	<u>\$ 1,400,449</u>

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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, 2023 and 2022, pension expense was \$34,217 and \$33,884, respectively.

**NOTE 7 LEASES**

The Institute leases its office in Philadelphia, Pennsylvania, under a long-term, noncancellable lease arrangement expiring September 30, 2033. The previous long-term building lease expired on December 31, 2022. The current minimum monthly base rent is \$10,011. Rent expense for the years ended of December 31, 2023 and 2022 was \$149,462 and \$141,817, respectively, which includes common building expenses.

The Institute also leases office equipment under long-term, noncancellable lease arrangements with minimum monthly payments of \$2,131, expiring through March 2028.

Office equipment lease expense for the years ended of December 31, 2023 and 2022 was \$9,598 and \$15,693, respectively.

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

	<u>2023</u>	<u>2022</u>
<b>Lease Cost</b>		
Operating Lease Cost	\$ 158,309	\$ 124,205
<b>Other Information</b>		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 51,450	\$ 15,497
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:		
Weighted-Average Remaining Lease Term - Operating Leases	9.5 Years	4.1 Years
Weighted-Average Discount Rate - Operating Leases	2.54%	3.60%

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**NOTE 7 LEASES (CONTINUED)**

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Operating</u>
2024	\$ 133,392
2025	136,516
2026	139,630
2027	142,217
2028	136,524
Thereafter	<u>694,105</u>
Undiscounted Cash Flows	1,382,384
(Less) Imputed interest	<u>(158,286)</u>
Total Present Value	<u>\$ 1,224,098</u>
Short-Term Lease Liabilities	\$ 103,815
Long-Term Lease Liabilities	<u>1,120,283</u>
Total	<u>\$ 1,224,098</u>

**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>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,715,543	\$ 2,094,161
Investments	14,714	12,515
Grants Receivable	64,189	121,241
Pledges Receivable	166,977	156,859
Royalties and Other Receivables	<u>66,370</u>	<u>82,675</u>
Total	<u>\$ 2,027,793</u>	<u>\$ 2,467,451</u>

**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.

**FOREIGN POLICY RESEARCH INSTITUTE  
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**NOTE 10 EMPLOYEE RETENTION CREDIT**

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes on wages an eligible employer pays to employees after March 12, 2020, and before September 30, 2021. The ERC was made available under the Coronavirus Aid Relief and Economic Stability (CARES) Act of 2020, and subsequently modified by the Consolidated Appropriations Act (CAA) of 2021 and the American Rescue Plan of 2021.

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either a full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period for any calendar quarter in which eligibility requirements were met.

ERC credits are recognized when all conditions related to such credits are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ended December 31, 2023, the Institute applied for and received ERC credits including interest totaling \$305,598. Of this amount, \$226,490 is recorded in the accompanying statement of activities as Other Income during the year ended December 31, 2023. The remaining \$79,108 is recorded as Other Liabilities on the accompanying statement of financial position as of December 31, 2023. While the Institute believes that its position with respect to all of the credits is correct, it has recorded a liability related to the credits in case the IRS disputes this view and prevails.

It is possible that upon review the IRS could reach a different conclusion regarding the Institute's ability to retain the credits received which could result in a claim for repayment of some or all of the credits (and interest and possible penalties). However, management believes that the positions taken by the Institute are correct and are based on reasonable interpretations and applications of the rules currently available. However, the rules and clarifying guidance related to the ERC credits are complex and continue to evolve. Accordingly, there is the possibility that the amount of income recognized by the Institute may change; if so, any such change would be reflected in the year in which such change becomes known.



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