

# **FOREIGN POLICY RESEARCH INSTITUTE**

## ***FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT***

**YEARS ENDED DECEMBER 31, 2024 AND 2023**

# 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, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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, 2024, 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 audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

**Board of Trustees  
Foreign Policy Research Institute  
Philadelphia, Pennsylvania**

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.

**Prior Period Financial Statements**

The financial statements of Foreign Policy Research Institute, as of December 31, 2023, were audited by other auditors whose report dated June 4, 2024, expressed an unmodified opinion on those statements.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
October 27, 2025**

# FOREIGN POLICY RESEARCH INSTITUTE

## STATEMENTS OF FINANCIAL POSITION

December 31, 2024 And 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,008,884	\$ 1,715,543
Grants Receivable (Note 1)	44,929	64,189
Investments	16,861	14,714
Pledges Receivable (Note 4)	97,000	166,977
Royalties and Other Receivables	13,742	66,370
Prepaid Expenses and Other Assets	<u>13,316</u>	<u>23,750</u>
Total Current Assets	<u>2,194,732</u>	<u>2,051,543</u>
<b>PLEDGES RECEIVABLE, NET OF CURRENT PORTION</b>	<u>-</u>	<u>19,042</u>
<b>PROPERTY AND EQUIPMENT</b>		
Equipment at Cost	260,988	260,988
Less: Accumulated Depreciation	<u>(188,134)</u>	<u>(174,513)</u>
Total Property and Equipment	<u>72,854</u>	<u>86,475</u>
<b>RIGHT OF USE ASSET - OPERATING</b>	1,017,195	1,126,017
<b>OFFICE LEASE SECURITY DEPOSIT</b>	<u>40,043</u>	<u>40,043</u>
Total Assets	<u>\$ 3,324,824</u>	<u>\$ 3,323,120</u>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 91,166	\$ 70,043
Operating Lease Liability, Current Portion	109,106	103,815
Deferred Income (Note 1)	<u>25,041</u>	<u>36,921</u>
Total Current Liabilities	225,313	210,779
<b>OTHER LIABILITIES (Note 10)</b>	79,108	79,108
<b>OPERATING LEASE LIABILITY, NET OF CURRENT PORTION</b>	<u>1,011,212</u>	<u>1,120,283</u>
Total Liabilities	<u>1,315,633</u>	<u>1,410,170</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	886,161	794,267
With Donor Restrictions (Note 5)	<u>1,123,030</u>	<u>1,118,683</u>
Total Net Assets	<u>2,009,191</u>	<u>1,912,950</u>
Total Liabilities and Net Assets	<u>\$ 3,324,824</u>	<u>\$ 3,323,120</u>

See accompanying notes to financial statements.

# FOREIGN POLICY RESEARCH INSTITUTE

## STATEMENTS OF ACTIVITIES

Years Ended December 31, 2024 And 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 635,453	\$ 346,949	\$ 982,402	\$ 368,351	\$ 246,128	\$ 614,479
Grants	269,995	867,249	1,137,244	286,987	903,540	1,190,527
Memberships and Partnerships	49,899	-	49,899	89,139	-	89,139
Royalties and Editorial Income	63,609	-	63,609	115,591	-	115,591
Event Income	72,070	-	72,070	155,297	-	155,297
Investment Income (Loss), Net	46,064	-	46,064	34,247	-	34,247
Other Income	<u>45,126</u>	<u>-</u>	<u>45,126</u>	<u>253,175</u>	<u>-</u>	<u>253,175</u>
Total Support	1,182,216	1,214,198	2,396,414	1,302,787	1,149,668	2,452,455
Net Assets Released from Restrictions	<u>1,209,851</u>	<u>(1,209,851)</u>	<u>-</u>	<u>1,431,434</u>	<u>(1,431,434)</u>	<u>-</u>
Total Support and Revenue	2,392,067	4,347	2,396,414	2,734,221	(281,766)	2,452,455
<b>EXPENSES</b>						
Program	1,713,432	-	1,713,432	2,286,207	-	2,286,207
Management and General	164,561	-	164,561	209,992	-	209,992
Fundraising	<u>422,180</u>	<u>-</u>	<u>422,180</u>	<u>565,857</u>	<u>-</u>	<u>565,857</u>
Total Expenses	<u>2,300,173</u>	<u>-</u>	<u>2,300,173</u>	<u>3,062,056</u>	<u>-</u>	<u>3,062,056</u>
<b>CHANGE IN NET ASSETS</b>	91,894	4,347	96,241	(327,835)	(281,766)	(609,601)
<b>NET ASSETS</b>						
Beginning of Year	<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>
End of Year	<u>\$ 886,161</u>	<u>\$ 1,123,030</u>	<u>\$ 2,009,191</u>	<u>\$ 794,267</u>	<u>\$ 1,118,683</u>	<u>\$ 1,912,950</u>

See accompanying notes to financial statements.

# FOREIGN POLICY RESEARCH INSTITUTE

## STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

	<u>Supporting Services</u>				<u>Total</u>
	<u>Program</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 759,224	\$ 108,398	\$ 249,844	\$ 358,242	\$ 1,117,466
Employee Health and Retirement Benefits	57,886	7,879	15,313	23,192	81,078
Payroll Taxes	<u>56,596</u>	<u>8,323</u>	<u>18,311</u>	<u>26,634</u>	<u>83,230</u>
Total Salaries and Related Expenses	<u>873,706</u>	<u>124,600</u>	<u>283,468</u>	<u>408,068</u>	<u>1,281,774</u>
Office and Equipment Rentals	8,296	1,220	2,684	3,904	12,200
Depreciation	9,262	1,362	2,997	4,359	13,621
Dissemination	8,261	37	120	157	8,418
Honoraria and Stipends	487,449	-	-	-	487,449
Information Systems	51,336	7,549	17,474	25,023	76,359
Occupancy	98,646	14,507	31,915	46,422	145,068
Outside Services	62,144	9,129	20,084	29,213	91,957
Supplies and Postage	13,777	1,865	4,973	6,838	20,615
Telephone and Internet	6,882	1,012	2,227	3,239	10,121
Travel	46,113	-	10,579	10,579	56,692
Conferences and Lectures	18,231	-	29,928	29,928	48,159
Meetings	4,050	-	3,881	3,881	7,931
Subscriptions and Memberships	2,116	-	2,116	2,116	4,232
Insurance	15,545	2,286	5,029	7,315	22,860
Finance Charges	430	-	2,519	2,519	2,949
Other	<u>7,188</u>	<u>994</u>	<u>2,186</u>	<u>3,180</u>	<u>10,368</u>
Total Other Expenses	<u>839,726</u>	<u>39,961</u>	<u>138,712</u>	<u>178,673</u>	<u>1,018,399</u>
Total Functional Expenses	<u>\$ 1,713,432</u>	<u>\$ 164,561</u>	<u>\$ 422,180</u>	<u>\$ 586,741</u>	<u>\$ 2,300,173</u>

*See accompanying notes to financial statements.*

# FOREIGN POLICY RESEARCH INSTITUTE

## STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	<u>Program</u>	<u>Supporting Services</u>			<u>Total</u>
		<u>Management And General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
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	<u>71,568</u>	<u>10,844</u>	<u>26,025</u>	<u>36,869</u>	<u>108,437</u>
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	<u>14,563</u>	<u>1,538</u>	<u>3,507</u>	<u>5,045</u>	<u>19,608</u>
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

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 And 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 96,241	\$ (609,601)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	13,621	9,605
Net Realized and Unrealized (Gain) Loss on Investments	(1,291)	(2,199)
(Increase) Decrease in:		
Grants Receivable	19,260	57,052
Royalties and Other Receivables	52,628	16,305
Pledges Receivable	89,019	105,088
Payments on operating leases	(133,392)	(51,450)
Amortization of right of use assets	138,434	156,921
Prepaid Expenses and Other Assets	10,434	22,141
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	21,123	(60,002)
Deferred Income	(11,880)	(19,312)
Other Liabilities	-	79,108
Net Cash Provided (Used) by Operating Activities	<u>294,197</u>	<u>(296,344)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant, and Equipment	-	(76,432)
Purchases of Investments	<u>(856)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(856)</u>	<u>(76,432)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Financing Lease	<u>-</u>	<u>(5,842)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	293,341	(378,618)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of Year	<u>1,715,543</u>	<u>2,094,161</u>
End of Year	<u>\$ 2,008,884</u>	<u>\$ 1,715,543</u>

# FOREIGN POLICY RESEARCH INSTITUTE

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 And 2023

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### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***NATURE OF ACTIVITIES***

Foreign Policy Research Institute (***“FPRI”***) is devoted to bringing the insights of scholarships to bear on the development of policies that advance the United States of America’s national interests. FPRI emphasizes the study of history, geography, and culture to illuminate contemporary international affairs. FPRI pursues its mission through Publications, Lectures, Webinars, Podcasts, Conferences, Research Projects conducted for Government Agencies and Private Foundations, 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 FPRI and changes therein are classified and reported as follows:

***Net Assets Without Donor Restrictions*** – Resources over which FPRI has discretionary control.

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

#### ***CASH AND CASH EQUIVALENTS***

For purposes of the statements of cash flows, FPRI 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.

#### ***CONTRIBUTIONS***

FPRI recognizes contributions when cash, securities, or other assets, and unconditional promises to give are received. Conditional contributions include donor-imposed conditions that include one or more barriers that must be overcome and a right of return to the contributor for assets transferred or a right of release of the contributor from its obligation to transfer assets before FPRI is entitled to the assets transferred or promised. FPRI recognizes conditional contributions when the conditions are substantially met or waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as ***“net assets released from restrictions.”***

#### ***PUBLIC AND PRIVATE GRANTS***

FPRI receives funding (directly and indirectly) from federal awarding agencies or from private funding sources for direct and indirect program costs. Revenues from such grants are considered to be conditional contributions and are recognized as qualifying expenses are incurred. FPRI records revenue as with donor restrictions upon the incurrence of qualifying expenditures with a simultaneous release from restriction. FPRI recognized \$182,849 and \$383,540 of grant revenues based on direct expenditures and related indirect costs funded by conditional grants as of December 31, 2024 and 2023, respectively.

# FOREIGN POLICY RESEARCH INSTITUTE

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

December 31, 2024 And 2023

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### ***EQUIPMENT AND DEPRECIATION***

FPRI 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, 2024 and 2023 was \$13,621 and \$9,605, respectfully.

### ***FUNCTIONAL EXPENSES***

The costs of FPRI'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.

### ***REVENUE FROM CONTRACTS WITH CUSTOMERS***

Memberships, Partnerships, Royalty and Editorial Income is considered to be reciprocal in nature. Under the terms of the contract, both FPRI and funding source receives and gives up nearly equal value. Revenue from such contracts are recognized when customers obtain control of the promised good or service, which is generally over the service period.

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.

Revenue from memberships and partnerships is recognized ratably over the membership year. FPRI'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. FPRI'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.

Receivable balances from these contracts are stated at their estimated net realizable values. 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, 2024 and 2023.

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 FPRI'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 FPRI. Also, the substantial collection of research books and periodicals maintained by FPRI is not reflected in the statements of financial position, as its value is not readily determinable.

# FOREIGN POLICY RESEARCH INSTITUTE

## *NOTES TO FINANCIAL STATEMENTS – (Continued)*

December 31, 2024 And 2023

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### ***LEASES***

FPRI 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 FPRI’s right to use an underlying asset for the lease term and lease liabilities represent FPRI’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 FPRI will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

### ***FAIR VALUE MEASUREMENTS***

FPRI 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.

FPRI 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***

FPRI 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. FPRI 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. FPRI 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 FPRI’s financial statements, as management has not taken any uncertain tax positions in 2024.

# FOREIGN POLICY RESEARCH INSTITUTE

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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### (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. Any receipts collected 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. Royalties receivable is revenue earned under the royalty agreement but not yet received.

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

	<u>2024</u>	<u>2023</u>
Revenue Recognized Over Time:		
Memberships	\$ 33,066	\$ 47,402
Partnerships	16,833	41,737
Royalties	13,609	15,135
Editorial Income	<u>50,000</u>	<u>100,456</u>
Total	<u>\$ 113,508</u>	<u>\$ 204,730</u>

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

	<u>2024</u>	<u>2023</u>
Contract Assets:		
Accounts Receivable - Royalties	<u>\$ 13,225</u>	<u>\$ 65,496</u>
Total	<u>\$ 13,225</u>	<u>\$ 65,496</u>
Contract Liabilities:		
Deferred Revenue - Memberships	\$ 13,457	\$ 18,872
Deferred Revenue - Partnerships	<u>11,584</u>	<u>12,917</u>
Total	<u>\$ 25,041</u>	<u>\$ 31,789</u>

### (3) INVESTMENTS

Investments consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Mutual Fund – Vanguard Balanced Index Fund	<u>\$16,861</u>	<u>\$14,714</u>

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

	<u>2024</u>	<u>2023</u>
Interest and Dividends	\$44,773	\$ 32,941
Net Realized and Unrealized Gain (Loss) on Investments	<u>1,291</u>	<u>1,306</u>
Total Investment Income, Net	<u>\$46,064</u>	<u>\$ 34,247</u>

# FOREIGN POLICY RESEARCH INSTITUTE

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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### (4) PLEDGES RECEIVABLE

FPRI 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, 2024 and 2023. 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>2024</u>	<u>2023</u>
Receivable in Less Than One Year	\$ 97,000	\$ 166,977
Receivable in One to Five Years	<u>-</u>	<u>20,000</u>
Total	97,000	186,977
Less: Discounts to Present Value	<u>-</u>	<u>958</u>
Net Pledges Receivable	<u>\$ 97,000</u>	<u>\$ 186,019</u>

# FOREIGN POLICY RESEARCH INSTITUTE

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

### (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, 2024:

	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Released From Restrictions</u>	<u>Ending Balance</u>
<b>Restricted for Purpose:</b>				
Programs: Asia	\$ 318,914	\$ 342,726	\$ (303,768)	\$ 357,872
Programs: Eurasia	290,000	373,600	(363,600)	300,000
Programs: Intern Support	73,182	(5,000)	(25,980)	42,202
Programs: Middle East Survey	-	10,000	(10,000)	-
Programs: Savitz Memorial Lecture on Cultural Diplomacy	25,849	-	(12,000)	13,849
Programs: Teaching Military History & Center for the Study of America and the West	21,407	20,000	(20,000)	21,407
Fellows: Distinguished Research Fellow	72,947	-	(16,294)	56,653
Fellows: Veterans Fellow	19,028	-	-	19,028
Research: Irregular Warfare	-	6,500	(6,500)	-
Research: National Security	-	74,660	(66,660)	8,000
Research: Stiftung Wissenschaft	-	2,088	(1,655)	433
Research: NATO	-	5,463	(5,463)	-
Research: Geopolitics	-	132,880	(132,880)	-
Research: Managing the Second Nuclear Age	4,400	-	-	4,400
Research: The "New Turkey" Revolution	21,011	-	(8,325)	12,686
Research: Displacement & Dispossession in the 21st Century	41,140	-	-	41,140
Research: Stress-Testing the China-Russia Relationship	-	150,800	(27,372)	123,428
Research: Drawing Lessons from the Russia-Ukraine War	105,828	-	(39,377)	66,451
Research: Africa Appeal	-	481	-	481
Research: Templeton Fellows	-	100,000	(45,000)	55,000
Total Restricted for Purpose	993,706	1,214,198	(1,084,874)	1,123,030
<b>Restricted for Time:</b>				
Pledges for Operations: Restricted for Time	124,977	-	(124,977)	-
Total	<u>\$ 1,118,683</u>	<u>\$ 1,214,198</u>	<u>\$ (1,209,851)</u>	<u>\$ 1,123,030</u>

# FOREIGN POLICY RESEARCH INSTITUTE

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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:

	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Released From Restrictions</u>	<u>Ending Balance</u>
<b>Restricted for Purpose:</b>				
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	1,130,472	1,149,668	(1,286,434)	993,706
<b>Restricted for Time:</b>				
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>

# FOREIGN POLICY RESEARCH INSTITUTE

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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### (6) EMPLOYEE RETIREMENT PLAN

FPRI 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. FPRI will match employee contributions up to 5% of their eligible salary. For the years ended of December 31, 2024 and 2023, pension expense was \$22,019 and \$34,217, respectively.

### (7) LEASES

FPRI 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, 2024 and 2023 was \$145,068 and \$149,462, respectively, which includes common building expenses.

FPRI 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, 2024 and 2023 was \$12,200 and \$9,598, respectively.

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

	<u>2024</u>	<u>2023</u>
<b>Lease Cost</b>		
Operating Lease Cost	\$ 138,434	\$ 158,309
<b>Other Information</b>		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 133,392	\$ 51,450
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:		
Weighted-Average Remaining Lease Term - Operating Leases	8.6 Years	9.5 Years
Weighted-Average Discount Rate - Operating Leases	2.53%	2.54%

# FOREIGN POLICY RESEARCH INSTITUTE

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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

<u>Year Ending December 31,</u>	<u>Operating</u>
2025	\$ 136,469
2026	139,630
2027	142,217
2028	136,525
2029	139,348
Thereafter	<u>554,757</u>
Undiscounted Cash Flows	1,248,946
Less: Imputed Interest	<u>(128,628)</u>
Total Present Value	<u>\$ 1,120,318</u>
Short-Term Lease Liabilities	\$ 109,106
Long-Term Lease Liabilities	<u>1,011,212</u>
Total	<u>\$ 1,120,318</u>

### (8) LIQUIDITY

As part of FPRI'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.

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

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 2,008,884	\$ 1,715,543
Investments	16,861	14,714
Grants Receivable	44,929	64,189
Pledges Receivable	97,000	166,977
Royalties and Other Receivables	<u>13,742</u>	<u>66,370</u>
	2,181,416	2,027,793
Board designated reserve	<u>(600,000)</u>	<u>(600,000)</u>
Total liquid assets	<u>\$ 1,581,416</u>	<u>\$ 1,427,793</u>

### (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, FPRI's cash deposits may exceed the federally insured limits. FPRI 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

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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### (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, FPRI 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 FPRI 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 FPRI'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 FPRI 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 FPRI may change; if so, any such change would be reflected in the year in which such change becomes known.

### (11) SUBSEQUENT EVENTS

In preparing these financial statements, FPRI has evaluated subsequent events and transactions for potential recognition or disclosure through October 27, 2025, the date the financial statements were available to be issued.

### (12) RELATED PARTY TRANSACTIONS

FPRI received approximately \$600,000 and \$330,000 in contributions from members of its governing board for operations during the years ended December 31, 2024, and 2023, respectively.