SNYDERCOHN
CPAs and Trusted Advisors

Institute for Policy Studies

Financial Statements
and
Independent Auditor's Report

For the Years Ended December 31, 2022 and 2021

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SNYDERCOHN
CPAs and Trusted Advisors

Independent Auditor's Report

To the Board of Trustees
Institute for Policy Studies
Washington, DC

Opinion

We have audited the accompanying financial statements of Institute for Policy Studies (the Institute), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, 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 Institute for Policy Studies as of December 31, 2022 and 2021, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Institute for Policy Studies 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Institute adopted Accounting Standards Update 2016-02, ASC Topic 842, *Leases*, which changes the accounting treatment for operating leases by recognizing a lease asset and lease liability on the statement of financial position. The Institute applied a modified retrospective approach with an effective date of January 1, 2022. Our opinion is not modified with respect to that matter.

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 the Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

Snyder Cohn, PC

SNYDER COHN, PC
North Bethesda, Maryland
November 9, 2023

Institute for Policy Studies

Statements of Financial Position

December 31	2022	2021
Assets		
Cash and cash equivalents	$ 2,979,365	$ 3,872,874
Contributions and grants receivable, net	1,618,054	1,449,722
Other receivables	2,438	670
Investments	6,643,240	7,605,702
Prepaid expenses and deposits	166,352	155,873
Property and equipment, net	193,440	246,600
Right of use assets - operating leases	1,105,791	-
Total assets	$ 12,708,680	$ 13,331,441
Liabilities and net assets		
Liabilities:		
Accounts payable	$ 271,258	$ 120,908
Due to related party	247,500	760,000
Accrued expenses	128,946	162,228
Annuity liability	81,537	85,881
Paycheck Protection Program loan	502,288	481,000
Operating lease liabilities	1,556,919	-
Deferred rent liability	-	513,260
Other liabilities	3,000	-
Total liabilities	2,791,448	2,123,277
Commitments		
Net assets		
Without donor restrictions	1,398,556	3,163,312
With donor restrictions	8,518,676	8,044,852
Total net assets	9,917,232	11,208,164
Total liabilities and net assets	$ 12,708,680	$ 13,331,441

See Accompanying Notes

Institute for Policy Studies

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and grants	$ 1,189,353	$ 4,316,024	$ 5,505,377
Investment loss	(853,430)	(763,386)	(1,616,816)
Rent income	54,412	-	54,412
Special event income	32,125	-	32,125
Contract income	164,411	-	164,411
Foreign exchange loss	(16,842)	-	(16,842)
Royalty	2,500	-	2,500
Change in value of split-interest agreements	(9,411)	-	(9,411)
Net assets released from restrictions:			
Satisfaction of purpose restrictions	3,078,814	(3,078,814)	-
Total revenue and support	3,641,932	473,824	4,115,756
Expenses			
Program services:			
New economy	1,925,285	-	1,925,285
Common security	1,029,100	-	1,029,100
Affiliates	612,957	-	612,957
Communications	697,900	-	697,900
Special IPS projects	254,917	-	254,917
Next leaders	220,412	-	220,412
Total program services	4,740,571	-	4,740,571
Supporting services:			
General and administrative	264,370	-	264,370
Fundraising	401,747	-	401,747
Total supporting services	666,117	-	666,117
Total expenses	5,406,688	-	5,406,688
Change in net assets	(1,764,756)	473,824	(1,290,932)
Net assets - beginning of year	3,163,312	8,044,852	11,208,164
Net assets - end of year	$ 1,398,556	$ 8,518,676	$ 9,917,232

See Accompanying Notes

Institute for Policy Studies

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and grants	$ 1,346,648	$ 4,646,794	$ 5,993,442
Investment income	443,425	370,060	813,485
Rent income	32,412	-	32,412
Special event income	95,746	-	95,746
Contract income	228,774	-	228,774
Paycheck Protection Program loan forgiveness	466,400	-	466,400
Royalty	765	-	765
Change in value of split-interest agreements	(9,278)	-	(9,278)
Net assets released from restrictions:			
Satisfaction of purpose restrictions	4,469,304	(4,469,304)	-
Total revenue and support	7,074,196	547,550	7,621,746
Expenses			
Program services:			
New economy	1,612,493	-	1,612,493
Common security	800,683	-	800,683
Affiliates	2,285,339	-	2,285,339
Communications	482,033	-	482,033
Special IPS projects	223,965	-	223,965
Next leaders	175,970	-	175,970
Total program services	5,580,483	-	5,580,483
Supporting services:			
General and administrative	218,513	-	218,513
Fundraising	365,461	-	365,461
Total supporting services	583,974	-	583,974
Total expenses	6,164,457	-	6,164,457
Change in net assets	909,739	547,550	1,457,289
Net assets - beginning of year	2,253,573	7,497,302	9,750,875
Net assets - end of year	$ 3,163,312	$ 8,044,852	$ 11,208,164

See Accompanying Notes

Institute for Policy Studies

Statement of Functional Expenses

For the year ended December 31, 2022

	Programs							Supporting Services			
	New Economy	Common Security	Affiliates	Communications	Special IPS Projects	Next Leaders	Total Program	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries, taxes & benefits	$ 852,870	$ 537,214	$ 144,678	$ 360,702	$ 171,416	$ 41,116	$ 2,107,996	$ 553,215	$ 190,684	$ 743,899	$ 2,851,895
Consultants	387,158	5,675	411,550	4,250	-	62,618	871,251	5,311	37,947	43,258	914,509
Subgrants	205,975	161,971	-	289,762	28,800	-	686,508	-	-	-	686,508
Rent	7,185	-	-	-	-	-	7,185	333,381	-	333,381	340,566
Accounting & auditing	-	-	-	-	-	-	-	138,958	-	138,958	138,958
Website/database	2,626	183	588	1,638	-	79	5,114	-	70,296	70,296	75,410
IT expenses and computers	5,403	159	-	10,234	-	-	15,796	55,475	420	55,895	71,691
Depreciation and amortization	-	-	-	-	-	-	-	53,160	-	53,160	53,160
Travel & meals	12,070	6,501	973	294	1,297	621	21,756	1,463	16,712	18,175	39,931
Telecommunications	5,695	2,084	-	3,366	2,343	396	13,884	19,405	2,211	21,616	35,500
Insurance - general	-	-	-	-	-	-	-	27,741	-	27,741	27,741
Equipment rental/lease	-	-	-	-	-	-	-	21,118	-	21,118	21,118
Legal fees	-	-	-	-	-	-	-	18,449	-	18,449	18,449
Catering & meeting	-	-	-	-	-	-	-	3,735	11,242	14,977	14,977
Printing and copying	1,903	-	5,434	-	-	-	7,337	262	2,794	3,056	10,393
Office supplies	3,155	-	-	-	-	-	3,155	4,663	206	4,869	8,024
Registrations fees	-	-	-	-	-	-	-	3,819	-	3,819	3,819
Other operating expenses	16,435	1,406	-	15,530	515	220	34,106	46,927	13,006	59,933	94,039
G&A allocation	424,810	313,907	49,734	12,124	50,546	115,362	966,483	(1,022,712)	56,229	(966,483)	-
Total expenses	$ 1,925,285	$ 1,029,100	$ 612,957	$ 697,900	$ 254,917	$ 220,412	$ 4,740,571	$ 264,370	$ 401,747	$ 666,117	$ 5,406,688

See Accompanying Notes

Institute for Policy Studies

Statement of Functional Expenses

For the year ended December 31, 2021

	Programs							Supporting Services			
	New Economy	Common Security	Affiliates	Communications	Special IPS Projects	Next Leaders	Total Program	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries, taxes & benefits	$ 818,575	$ 551,815	$ 258,084	$ 367,175	$ 142,609	$ 84,157	$ 2,222,415	$ 498,246	$ 179,406	$ 677,652	$ 2,900,067
Consultants	333,307	4,463	962,724	1,771	-	63,488	1,365,753	24,102	39,500	63,602	1,429,355
Contributions expense	-	-	800,002	-	-	-	800,002	-	-	-	800,002
Rent	34,489	-	11,700	-	-	-	46,189	334,503	-	334,503	380,692
Accounting & auditing	-	-	1,570	-	-	-	1,570	123,170	-	123,170	124,740
Website/database	1,332	-	1,729	2,369	-	-	5,430	-	67,040	67,040	72,470
Depreciation and amortization	-	-	9,893	-	-	-	9,893	56,860	-	56,860	66,753
Subgrants	20,075	7,000	8,103	-	30,284	-	65,462	-	-	-	65,462
IT expenses and computers	2,039	-	4,805	10,627	-	-	17,471	42,042	1,434	43,476	60,947
Telecommunications	12,977	2,084	927	4,894	2,683	792	24,357	19,893	2,678	22,571	46,928
Insurance - general	-	-	6,010	-	-	-	6,010	25,368	-	25,368	31,378
Travel & meals	2,397	5,662	6,254	275	685	-	15,273	785	11,350	12,135	27,408
Equipment rental/lease	-	-	180	-	-	-	180	22,887	-	22,887	23,067
Printing and copying	1,900	-	-	-	-	-	1,900	200	8,271	8,471	10,371
Office supplies	1,775	-	511	-	-	-	2,286	5,734	996	6,730	9,016
Loss on disposal of property and equipment	-	-	-	-	-	-	-	6,616	-	6,616	6,616
Legal fees	817	-	1,855	-	-	-	2,672	2,892	-	2,892	5,564
Registrations fees	-	-	-	-	-	-	-	2,312	1,789	4,101	4,101
Catering & meeting	-	-	624	-	-	-	624	102	1,476	1,578	2,202
Other operating expenses	17,755	15,557	13,357	14,859	1,608	173	63,309	21,608	12,401	34,009	97,318
G&A allocation	365,055	214,102	197,011	80,063	46,096	27,360	929,687	(968,807)	39,120	(929,687)	-
Total expenses	$ 1,612,493	$ 800,683	$ 2,285,339	$ 482,033	$ 223,965	$ 175,970	$ 5,580,483	$ 218,513	$ 365,461	$ 583,974	$ 6,164,457

Institute for Policy Studies

Statements of Cash Flows

For the years ended December 31	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (1,290,932)	$ 1,457,289
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized (gains) losses on investments	1,660,676	(676,617)
Depreciation and amortization	53,160	66,753
Interest accrued on Paycheck Protection Program loan	21,288	-
Adjustments to right of use assets - operating leases	778,669	-
Change in deferred rent liability	(513,260)	(72,746)
Loss on disposal of assets	-	6,616
Change in value of split-interest agreements	9,411	9,278
Paycheck Protection Program loan forgiveness	-	(466,400)
Donated securities	(76,050)	(91,291)
(Increase) decrease in:		
Contributions and grants receivable	(168,332)	(817,117)
Other receivables	(1,768)	1,200
Prepaid expenses and deposits	(10,479)	32,087
Increase (decrease) in:		
Accounts payable	150,350	(7,444)
Due to related party	(512,500)	760,000
Accrued expenses	(33,282)	89,837
Annuity liability	(13,755)	(13,755)
Operating lease liabilities	(327,541)	-
Other liabilities	3,000	-
Net cash provided by (used in) operating activities	(271,345)	277,690
Cash flows from investing activities:		
Purchase of investments	(3,038,134)	(3,463,705)
Proceeds from sale of investments	2,415,970	3,524,780
Net cash provided by (used in) investing activities	(622,164)	61,075
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	481,000
Net increase (decrease) in cash and cash equivalents	(893,509)	819,765
Cash and cash equivalents - beginning	3,872,874	3,053,109
Cash and cash equivalents - ending	$ 2,979,365	$ 3,872,874

See Accompanying Notes

Institute for Policy Studies

Statements of Cash Flows

For the years ended December 31	2022	2021
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ -	$ -
Supplemental disclosure of noncash investing and financial transactions:		
Right-of-use assets obtained in exchange for operating lease liabilities due to implementation of new lease standard	$ 1,884,460	$ -

Note 1: Summary of significant accounting policies:

Institute for Policy Studies (the Institute), founded in 1963, is a transnational center for research, education, and social invention. The Institute sponsors critical examination of the assumptions and policies that define America's posture on domestic and international issues and offers alternative strategies and visions. Areas of focus include domestic policy, national security, international economics, and human rights. A tax-exempt, nonprofit organization that accepts no government funds, the Institute guards the freedom of its scholars to be both critical and creative.

The work of the Institute reflects the realization that the social and political problems facing the United States - militarism, environmental decay, and economic injustice - are all part of a larger global context. In an effort to seek alternatives to these problems, in 1973, the Institute established its international program, which addresses the fundamental disparity between the rich and poor and nations of the world, investigates its causes and develops alternatives for its remedy. The activities of the Institute are funded primarily through contributions and grants from other organizations and foundations.

Basis of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenue is recognized when earned and expenses when the obligation is incurred.

Cash and cash equivalents - Cash and cash equivalents consist of monies held in demand deposit accounts and highly liquid investments with initial maturity dates of three months or less.

Contributions and grants receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in contributions and grants revenue in the accompanying statements of activities and changes in net assets. The Institute uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on management's analysis of specific contributions. As a result, it is possible that the Institute's estimate of the carrying amount of contributions and grants receivable could change in the near term. As of December 31, 2022 and 2021, all receivables are considered collectible and management has determined that an allowance for doubtful accounts is not necessary.

Note 1: Summary of significant accounting policies: (continued)

Investments - Investments consist of equity securities, government securities, corporate fixed income, and municipal bonds. Investments are recorded in the financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest, dividends and realized and unrealized gains or losses are recorded as investment income when earned.

Corporate fixed income securities are classified within level 2 of the fair value hierarchy. The Institute determines their fair value based on quoted market prices as recorded by their third-party broker.

Property and equipment - Property and equipment over $1,000 with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the lesser of the lease term and their estimated useful lives. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and any gain or loss is reflected in income or expense in the accompanying statements of activities and changes in net assets. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Gift annuities - The Institute has received irrevocable gift annuities from several donors. The donors give the Institute a cash contribution and, in return, the Institute agrees to make payments to the donor for the remaining life of the donor or the donor's designated beneficiary. A liability is recorded in the accompanying statements of financial position at the present value of the expected future payments owed by the Institute under these agreements based on current rates in the Internal Revenue Service's actuarial tables for annuities. Actuarial gains or losses resulting from changes in assumptions used to calculate the liability for the present value of future annuity payments are recorded as increases or decreases in the respective net asset class on the accompanying statements of activities and changes in net assets. Upon the donor's death, the remaining liability is eliminated and recognized as revenue.

Net assets - In the accompanying financial statements, net assets and revenue have been classified based on the existence or absence of donor-imposed restrictions. The classes of net assets are as follows:

Net assets without donor restrictions - Net assets without donor restrictions consist of amounts available for use in general operations.

Note 1: Summary of significant accounting policies: (continued)

Net assets (continued) -

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounting for uncertainty in income taxes - The Institute accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax effect is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for uncertain tax positions. Interest and penalties, if any, are accrued as a component of general and administrative expenses when assessed. The Institute is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Similar to other tax-exempt organizations, the Institute is subject to tax on unrelated business income. Tax years prior to 2019 are no longer subject to examination by taxing authorities.

During the years ended December 31, 2022 and 2021, the Institute did not have net taxable income from unrelated business activities; therefore, there is no provision in these financial statements for income taxes or interest and penalties related to unrecognized tax benefits.

Revenue recognition - In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries under GAAP including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers under a contract in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in Topic 606 requires comprehensive disclosures to help users of the financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. In 2020, the Institute adopted ASU 2014-09 applying the retrospective method to all periods presented, which had no impact on previously reported net income.

Note 1: Summary of significant accounting policies: (continued)

Revenue recognition (continued) - Unconditional contributions and grants are recognized as revenue when received or promised and are reported as donor-restricted support if they are received with donor or grantor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets. Conditional contributions and grants are not recognized as revenue until the conditions are substantially met. Contribution revenue from charitable gift annuities is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors or other beneficiaries. The present value of payments to beneficiaries of charitable gift annuities is calculated using discount rates, which represent the risk free rates in existence at the date of the gift. Gains or losses resulting from changes in assumptions used to calculate the discount are recorded as change in value of split-interest agreements in the accompanying statements of activities and changes in net assets. Revenue from all other sources is recognized when earned.

Revenue disaggregation - In accordance with ASU 2014-09, the Institute disaggregates revenue from contracts with customers into major revenue streams and the timing of recognizing revenue. Revenue generated from rent is recognized over the performance obligation period, while the revenue generated from contributions and grants, special events, royalties and contracts is recognized when the contribution and grant, event, royalty payment, or contract occurs.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentrations of credit risks - The Institute invests in various investment securities. Investment securities are exposed to various risks such as changes in interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The Institute maintains its cash balances at multiple financial institutions. The accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At various times throughout fiscal year 2022, cash balances at these institutions exceeded the federally insured limits. The Institute has not experienced any losses with respect to its cash balances.

Note 1: Summary of significant accounting policies: (continued)

Fair value measurements - The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

Level 2 - inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Functional allocation of expenses - The costs of providing various programs and other activities has been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited based on management's estimate of shared costs.

Note 1: Summary of significant accounting policies: (continued)

Change in accounting principle - In February 2016, the FASB issued Accounting Standards Update 2016-02, ASC Topic 842, *Leases*, which is a leasing standard for both lessees and lessors. The standard changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statements of financial position and disclosing key information about leasing arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. GAAP. The Institute applied a modified retrospective approach with an effective date of January 1, 2022. The Institute recorded right-of-use (ROU) asset amounting to $1,105,791 and an operating lease liability totaling $1,556,919 reported in the statements of financial position as of December 31, 2022. Further disclosure of the impact of adopting ASU 2016-02 is disclosed in Note 10 of the financial statements.

Reclassifications - Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

Note 2: Liquidity and availability:

The following reflects the Institute's financial assets on December 31, 2022 and 2021, respectively, reduced by amounts that are not available for general use because of donor-imposed endowment and purpose restrictions within one year of the statement of financial position date.

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 2,979,365	$ 3,872,874
Contributions, grants, and other receivables	1,620,492	1,450,392
Investments	6,643,240	7,605,702
	11,243,097	12,928,968
Less those unavailable for general expenditure within one year, due to:		
Amounts designated for future endowment and purpose restrictions	(8,518,676)	(8,044,852)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,724,421	$ 4,884,116

As part of its liquidity management plan, the Institute manages its operations within a balanced budget. Net assets with donor restrictions consist of cash received and pledges to be used for programmatic expenditures in the coming fiscal years.

Note 2: Liquidity and availability: (continued)

The Institute relies on foundations and individual donors to provide the resources to support a majority of the operating activity. The Institute has sufficient liquid assets to support approximately seven months of operating expenses.

Note 3: Contributions and grants receivable:

Contributions and grants receivable is comprised of unconditional promises to give and is receivable as follows at December 31:

	2022	2021
Receivable in less than one year	$ 968,054	$ 1,088,722
Receivable in one to five years	650,000	361,000
Total contributions and grants receivable	1,618,054	1,449,722
Less: discount on contributions and grants receivable	-	-
	$ 1,618,054	$ 1,449,722

Note 4: Investments:

The Institute's investments consist of the following at December 31:

	2022	2021
Equity securities	$ 3,408,874	$ 4,367,164
Government securities	2,603,029	2,543,098
Corporate fixed income	631,337	695,440
Total investments	$ 6,643,240	$ 7,605,702

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

	2022	2021
Interest and dividends	$ 98,967	$ 195,146
Realized/unrealized gain (loss), net of investment expenses	(1,715,783)	618,339
Total investment income	$ (1,616,816)	$ 813,485

Note 5: Fair value measurement:

The following tables summarize the Institute's investments which are measured at fair value on a recurring basis, aggregated by type and the fair value hierarchy level under which those measurements were made.

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Investments:				
Equity securities	$ 3,408,874	$ -	$ -	$ 3,408,874
Government securities	2,603,029	-	-	2,603,029
Corporate fixed income	-	631,337	-	631,337
Total fair value	$ 6,011,903	$ 631,337	$ -	$ 6,643,240

December 31, 2021:

	Level 1	Level 2	Level 3	Total
Investments:				
Equity securities	$ 4,367,164	$ -	$ -	$ 4,367,164
Government securities	2,543,098	-	-	2,543,098
Corporate fixed income	-	695,440	-	695,440
Total fair value	$ 6,910,262	$ 695,440	$ -	$ 7,605,702

Note 6: Property and equipment:

Property and equipment consisted of the following at December 31:

	2022	2021
Furniture and equipment	$ 105,003	$ 105,003
Website development	41,449	41,449
Leasehold improvements	523,900	523,900
Total property and equipment	670,352	670,352
Less: accumulated depreciation	(476,912)	(423,752)
Property and equipment, net	$ 193,440	$ 246,600

Note 6: Property and equipment: (continued)

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was $53,160 and $66,753, respectively.

Note 7: Annuity liability:

The Institute is a beneficiary of several charitable gift annuity trusts. Under the terms of the agreements, the Institute is obligated to pay fixed quarterly amounts of $5,500 to the original donor or designated beneficiary as long as the beneficiaries are living. The net present value of the obligation under charitable gift annuities, using actuarial tables based on the beneficiaries' expected life, amounted to $81,537 and $85,881 at December 31, 2022 and 2021, respectively, calculated using a discount rate of 3.2%.

Note 8: Paycheck Protection Program loan:

In May 2020, the Institute was granted a loan in the amount of $466,400 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Small Business Administration forgave the entire amount of the PPP loan in December 2021. The amount forgiven is recorded as revenue and support in the statement of activities and changes in net assets.

In February 2021, the Institute was granted a second PPP loan in the amount of $481,000. The loan carries a term of 60 months, matures in February 2026, and bears interest at a rate of 1.00% per annum. The amount was forgiven in May 2022. Subsequently, it was determined that the second PPP loan, including accrued interest and the lender fee for the loan, would have to be repaid plus interest at a rate of 1.00% per annum no later than 30 days after the effective date of the agreement with the Small Business Administration, June 22, 2023. The outstanding balance as of December 31, 2022 was $502,288 and is presented as a liability on the statement of financial position per the guidance within FASB ASC 470, *Debt*. Interest expense in the amount of $21,288 was recognized on this loan for the year ended December 31, 2022. The amount due was paid in its entirety in June 2023.

Note 9: Retirement plan:

The Institute sponsors a 403(b) tax-deferred annuity plan for its employees. Employees are eligible to participate in the plan immediately upon commencement of employment. Participating employees may contribute a portion of their income on a tax-deferred basis and the Institute matches 100% of the employee elective deferrals up to a maximum of 4% of each employee's compensation after the employee has completed two years of service. Employees are fully vested in the plan at the time of enrollment. Retirement plan expenses were $34,400 and $32,970 for the years ended December 31, 2022 and 2021, respectively.

Note 10: Commitments:

Operating lease - In March 2016, the Institute entered into a non-cancellable operating lease agreement for office space in Washington, DC, that expires in December 2026. Under the terms of the lease, base rent is subject to an annual increase of 2.5% over the previous year's adjusted rent. Rent expense for the years ended December 31, 2022 and 2021 was $340,566 and $380,692, respectively.

Operating leases are accounted for in accordance with FASB ASU 2016-02 for the year ended December 31, 2022. As a result, the Institute recorded a lease obligation liability equal to the present value of the future payments under the terms of the lease. The discount rate associated with the operating lease as of December 31, 2022 is 4.00%. The Institute recorded ROU asset of $1,105,791 and an operating lease liability of $1,556,919 in the statement of financial position as of December 31, 2022.

At December 31, 2022, future minimum principal payments under the operating leases are as follows:

	Office Space
2023	$ 405,539
2024	415,654
2025	426,079
2026	436,691
Total lease payments	1,683,963
Less: interest	(127,044)
Present value of lease liabilities	$ 1,556,919

Note 10: Commitments: (continued)

Additional information on the Institute's lease as of December 31, 2022 is as follows:

Lease costs:	
Operating lease costs	$ 415,926
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 395,665
Right of use assets obtained in exchange for:	
New operating lease liabilities	1,884,460
Weighted-average remaining lease term:	
Operating leases	4.0 years
Weighted-average discount rate:	
Operating leases	4.0%

The Institute entered into various office sub-lease agreements with tenants, with one-year rental terms and an option to renew on an annual basis.

Additionally, the Institute maintained two commitments for office equipment and related maintenance which require monthly payments between approximately $600 and $1,500. These did not meet the requirements under the new standards in accordance with FASB ASU 2016-02.

Note 11: Net assets with donor restrictions:

Net assets with donor restrictions consisted of the following at December 31:

	2022	2021
Global Economy	$ 1,727,500	$ 1,415,208
WHYNOT Initiative	1,372,049	1,773,577
National Priorities Project	1,112,667	577,245
New Internationalism	962,644	443,949
New Mexico Fellowship	712,587	824,162
Global Inequality	667,251	745,305
Black Worker Initiative	495,132	671,162
Other Word PC	292,950	280,428
Raskin57 Freedoms Fund	282,728	282,728
Communications	165,868	-
Trade and Mining	158,127	281,340
Criminal poverty	156,622	-
Nuclear Waste	144,747	171,808
New Priorities Network	99,794	99,794
Michael Ratner Fellow	77,879	77,879
Poor Peoples Campaign	37,801	37,801
Saul Landau Fellow	18,580	34,009
Bridging the Divide	11,050	11,050
Transformative Change	9,084	9,084
Lessons of the 60s	5,261	5,261
Inter Press Service	4,933	4,933
#Our 100	3,422	3,422
Newman Fellowship	-	202,190
Inequality Boston	-	58,204
Foreign Policy in Focus - Online	-	25,270
Class Action Network	-	9,043
Total net assets with donor restrictions	$ 8,518,676	$ 8,044,852

Note 12: Conditional promises to give:

During 2020, the Institute received a 36-month grant totaling $540,000 of restricted funds, to be paid in three installments, that contained donor conditions related to satisfactory performance of progress in accordance with the agreement. Since these grants represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. The conditions under this agreement were met in 2022. $165,000 and $180,000 was recorded as donor restricted contributions in December 31, 2022 and 2021, respectively.

Note 13: Due to related party:

The Economic Hardship Reporting Project (EHRP), under a fiscal sponsorship arrangement with the Institute, separated from the Institute as of December 31, 2021. As a part of this process, both parties agreed upon terms to close the relationship with installment payments to be distributed to EHRP beginning in December 2021 for the remaining reserve funds. The first installment of $250,000 was made in December 2021 and the remaining $760,000 was paid in 2022 in a series of three installments, with the final installment paid out in April 2022.

Note 14: Subsequent events:

Subsequent events have been evaluated through November 9, 2023, the date the financial statements were available to be issued.

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