QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

FINANCIAL STATEMENTS

DECEMBER 31, 2022

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT
TABLE OF CONTENTS
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Quincy Institute for Responsible Statecraft
Washington, D.C. 20006

Opinion

We have audited the financial statements of Quincy Institute for Responsible Statecraft (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Quincy Institute for Responsible Statecraft as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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. 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 Quincy Institute for Responsible Statecraft 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 Quincy Institute for Responsible Statecraft'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 Quincy Institute for Responsible Statecraft'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 Quincy Institute for Responsible Statecraft'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.

Yount, Hyde & Barbour, P.C.

Rockville, Maryland
August 18, 2023

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	3,328,173
Grants & contributions receivable		670,075
Prepaid expenses		38,197
Other receivables		129
Deposits		8,300
Total current assets		4,044,874
OTHER ASSETS, right of use asset,		
Operating leases		179,721
TOTAL ASSETS	$	4,224,595

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable & accrued expenses	$	30,114
Accrued vacation & sick compensation		1,423
Payroll liabilities payable		9,551
Current maturities of operating lease liabilities		186,321
Total current liabilities		227,409
NET ASSETS		
Without donor restrictions		1,824,134
With donor restrictions		2,173,052
Total net assets		3,997,186
TOTAL LIABILITIES AND NET ASSETS	$	4,224,595

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	NET ASSETS TOTAL
SUPPORT AND REVENUE			
Grants income	$ 1,649,947	$ 1,288,931	$2,938,878
Contribution income	1,918,216	-	1,918,216
Investment income	329	-	329
Other income	1,787	-	1,787
Net assets released from restrictions: restrictions satisfied by payments	1,991,430	(1,991,430)	-
Total support and revenue	5,561,709	(702,499)	4,859,210
EXPENSES			
Program services	4,160,186	-	4,160,186
Supporting services			
Management and general	413,166	-	413,166
Fundraising	414,633	-	414,633
Total supporting services	827,799	-	827,799
Total expenses	4,987,985	-	4,987,985
CHANGE IN NET ASSETS	573,724	(702,499)	(128,775)
NET ASSETS AT BEGINNING OF YEAR	1,250,410	2,875,551	4,125,961
NET ASSETS AT END OF YEAR	$ 1,824,134	$ 2,173,052	$3,997,186

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services										Supporting Services			
	General Program	Grand Strategy Program	Democratizing Foreign Policy Program	Middle East Program	East Asia Program	Communication	Eurasia	Responsible Statecraft Program	Advocacy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries & employee benefits	$ 578,293	$ 126,098	$ 228,337	$ 726,537	$ 353,589	$ 415,918	$ -	$ 410,003	$ 196,971	$ 3,035,746	$ 287,572	$ 367,805	$ 655,377	$ 3,691,123
Accounting	-	-	-	-	-	-	-	-	-	-	35,460	-	35,460	35,460
Advertising	288	-	-	-	-	4,638	-	-	-	4,926	-	-	-	4,926
Communications	19,964	38,000	-	-	-	129,379	-	-	-	187,343	-	-	-	187,343
Consultants and other professional fees	101,914	53,951	315	2,231	27,875	60,990	139,998	66,456	1,011	454,741	897	12,169	13,066	467,807
Copyright	2,614	-	-	-	-	169	-	10,724	-	13,507	-	-	-	13,507
Dues & subscriptions	3,114	-	-	-	105	133	-	131	-	3,483	42	-	42	3,525
Equipment expense	13,942	1,852	38	38	1,328	1,896	-	1,921	8	21,023	719	14	733	21,756
Insurance	1,508	465	682	2,413	916	1,073	-	1,002	499	8,558	6,608	928	7,536	16,094
Office supply and expense	6,910	32	34	821	76	448	-	650	14	8,985	24,220	3,432	27,652	36,637
Occupancy expense	40,394	9,125	15,881	50,733	24,659	29,067	-	28,791	13,660	212,310	18,487	25,665	44,152	256,462
Systems	63,029	17	-	8	-	5,354	86	318	4,163	72,975	2,892	3,172	6,064	79,039
Travel and meetings	43,009	1,977	6,570	42,904	1,128	1,714	17,491	7,989	3,639	126,421	36,269	1,448	37,717	164,138
Website	5,347	-	-	-	-	4,694	-	127	-	10,168	-	-	-	10,168
TOTAL EXPENSES	$ 880,326	$ 231,517	$ 251,857	$ 825,685	$ 409,676	$ 655,473	$ 157,575	$ 528,112	$ 219,965	$ 4,160,186	$ 413,166	$ 414,633	$ 827,799	$ 4,987,985

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(128,775)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Grants & contributions receivable		816,946
Prepaid expenses		(22,985)
Other receivables		(129)
Right of use asset amortization		246,990
Increase (decrease) in liabilities:		
Accounts payable & accrued expenses		6,600
Accrued vacation & sick compensation		(2,362)
Payroll liabilities payable		(1,115)
Lease obligation liability		(241,054)
NET CASH PROVIDED BY OPERATING ACTIVITIES		674,116
NET INCREASE IN CASH AND CASH EQUIVALENTS		674,116
CASH AT BEGINNING OF YEAR		2,654,057
CASH AT END OF YEAR	$	3,328,173
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use assets recognized with the adoption of ASC 842, *Leases*	$	426,711

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND FINANCIAL POLICIES

Organization
The Quincy Institute for Responsible Statecraft (the Institute) is a not-for-profit organization as defined under Section 501(c)(3) of the Internal Revenue Code. The Institute was incorporated in the District of Columbia on June 27, 2019 and commenced independent operating activities on January 1, 2020. The Institute operated under a fiscal sponsorship until July 31, 2020. The Institute's primary purpose is to promote ideas that move U.S. foreign policy away from endless war and toward vigorous diplomacy in the pursuit of international peace. The Institute's vision is a world where peace is the norm and war the exception.

Basis of presentation
Financial statement presentation complies with FASB ASC 958-205. Under FASB ASC 958-205, the Institute is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Institute is required to present a statement of cash flows.

Method of accounting
The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations. They are stated on the accrual basis and include all material receivables and payables.

Revenue recognition
The Institute follows both guidance issued on Accounting Standards Update (ASU) 2014-09, Revenue Recognition – Revenue from Contracts with Customers (Topic 606) and Accounting Standards Update 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance of Contributions Received and Contributions Made (Topic 958).

ASU 2018-08 clarifies and improves guidance for contributions and grants received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. Contributions should follow the guidance of FASB Accounting Standards Codification (FASB ASC) 958-605, Not-for-Profit Entities–Revenue Recognition, whereas, for exchange transactions, an entity should follow other guidance such as FASB ASC 606, Revenue from Contracts with Contributors.

Revenue is predominantly derived from contributions and grants. Revenues from donors are recognized when promised to give and are recorded as support with donor restrictions or support without donor restrictions depending on the donor-imposed restrictions, if any.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND FINANCIAL POLICIES (CONTINUED)

Revenue recognition (continued)
All contributions restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the terms of the restriction. When a restriction expires, i.e., when a stipulated restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified and reported in the statement of activities as net increases in net assets without donor restrictions in the reporting period the restrictions are fulfilled.

Classification of net assets
Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor–imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- With Donor Restrictions: Net assets subject to donor-imposed stipulations that specifically restrict funds for use of various purposes or time periods.

- Without Donor Restrictions: Net assets not subject to donor-imposed stipulations are available for support of the Institute's operations.

Fixed assets
Property and equipment are recorded at cost. Items costing less than $5,000 are charged to expense when acquired. Depreciation of furniture and equipment is calculated using the straight-line basis over the estimated useful lives of the related assets, generally three to five years. The costs of maintenance and repairs are recorded as expenses are incurred. All property and equipment purchased for the year ended December 31, 2022 was expensed when acquired as the costs per item were less than $5,000.

Statement of cash flows
The Institute maintains a checking and cash account at a financial institution. The Institute considers all highly liquid investments, including money market accounts, with a maturity of three months or less when purchased to be cash equivalents. The Institute currently does not have any money market accounts.

Activities and supporting services
Program expenses of the Institute are as follows:

General Program:
The Quincy Institute's General program includes the cross-cutting elements of the Institute's work to forge a new foreign policy centered on diplomatic engagement and military restraint through scholarship and convenings by staff and non-resident fellows.

Democratizing Foreign Policy:
The Democratizing Foreign Policy program engages in scholarship and investigative journalism on the links between militarized foreign policy and its impacts in the United States.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND FINANCIAL POLICIES (CONTINUED)

Activities and supporting services (continued)

Grand Strategy:
The Grand Strategy program conducts and disseminates research on the costs and dangers of America's current grand strategy of primacy – a military force posture of global dominance – and the underlying factors that support this strategy.

Middle East:
The Quincy Institute's Middle East program promotes a basic reorientation of U.S. policy toward the region through policy scholarship, research and writing.

East Asia:
The East Asia program conducts research and communications on the size and nature of the challenge China and North Korea pose to the United States, and it advances a balanced alternative to the current U.S. strategy of dominance in East Asia.

Communication
The Communications program produces and disseminates the research of our foreign policy scholars and makes it accessible to expert audiences and the broader public.

Eurasia:
The Eurasia Program analyzes politics and international relations in Europe and the countries of the former Soviet Union to support U.S. policies that promote international peace and cooperation in the region and avoid unnecessary, costly and dangerous new U.S. military commitments.

Responsible Statecraft:
Responsible Statecraft is the Quincy Institute's online magazine, which publishes pro-diplomacy and military restraint analysis and research.

Advocacy
The Advocacy program promotes and distributes Quincy Institute publications to congressional and administration policymakers. It also engages in broad educational work, as well as permissible levels of advocacy in support of specific legislative policy.

Supporting services expenses include those that are not directly identifiable to any one activity or donor stipulation, but provide overall support and direction of the Institute as a whole. These include functions necessary to maintain an equitable employment program and manage financial and budgetary responsibilities of the Institute.

Income taxes
The Institute is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization. However, the Institute is subject to tax on net income derived from any such unrelated business

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND FINANCIAL POLICIES (CONTINUED)

Income taxes (continued)
activities as provided for under the current tax law. To date, the Institute has not engaged in any such activities. The Institute follows the provisions of FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Institute's income tax returns. The Institute's income tax filings are subject to audit by various taxing authorities within the three year open audit periods of 2019–2021. For the year ended December 31, 2022, the Institute has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

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

Functional allocation of expenses
All costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include, but not limited to, office and occupancy costs, salaries, and benefits. All of the shared costs are allocated based on salary percentages. Salary percentages are determined based on actual time and effort.

Grants and contributions receivable
The Institute's grants and contributions receivable represent amounts received from established funders that historically satisfy their obligations. Therefore, no allowance for collectability has been established.

Nonfinancial contributions
In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The Institute adopted ASU 2020-7 beginning January 1, 2022.

Contributed nonfinancial assets are recorded at the respective fair value of the goods or services received. Contributed nonfinancial assets include donated professional services, donated auction items, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The adoption of ASU No. 2020-07 did not require an adjustment to the Institute's financial statements, as there were no contributions of nonfinancial assets for the years ending December 31, 2022 or 2021. In addition to contributed nonfinancial assets, volunteers donated significant

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND FINANCIAL POLICIES (CONTINUED)

Nonfinancial contributions (continued)
amounts of their time to program services; however, the financial statements do not reflect the value of these contributed services because they did not meet the criteria for recognition.

Leases
In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Institute adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Institute has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Institute's historical accounting treatment under ASC Topic 840, Leases.

The Institute elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Institute does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Institute has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Institute determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Institute obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Institute also considers whether its service arrangements include the right to control the use of an asset.

The Institute made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Institute made an accounting

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND FINANCIAL POLICIES (CONTINUED)

Leases (continued)

policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

The Institute has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The non-lease components typically represent additional services transferred to the Institute, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Institute’s operating leases of $426,711 at January 1, 2022. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

NOTE 2 - INVESTMENT INCOME

Investment income for the year ended December 31, 2022 is comprised of the following:

	Interest Income
Money Institutes/Cash	$ 329

There are no investment expenses.

NOTE 3 - RETIREMENT PLANS

The Institute sponsors a tax-deferred annuity retirement plan (the “Plan”). The Plan was adopted in October, 2020. The Institute uses the Basic Safe Harbor Match. Upon employment, employees are immediately eligible to contribute a percentage of their salary on a pre-tax basis to the Plan. After six months of employment, employees over 21 years of age are eligible for employer contributions. The Institute matches 100% of the first 3% for each employee’s contributions and 50% of the next 2%. Employees are required to contribute to their 401K in order to get the match. For the year ended December 31, 2022, the Institute made contributions of $86,623 to the Plan.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

The Institute's net assets with donor restrictions at December 31, 2022 are as follows:

Programs - restricted		
The William and Mary Greve Foundation	$	93,750
Shagbark Hickory Fund		720,000
KAP Associate Program		78,279
Ploughshares Fund		80,000
Purple Action		50,000
Fong Donor Advised Fund		100,000
Carnegie Corporation		284,998
Colombe Foundation		37,500
Prospect Hill Foundation		7,692
Grant - time restricted		
Periods after December 31, 2022		
Rockefeller Brothers Fund		170,833
Open Society Policy Center		300,000
The Salkind Family		250,000
Total net assets with donor and time restrictions	$	2,173,052

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Institute maintains three bank accounts at the same banking institution. Amounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2022, the Institute's cash balance at their banking institution exceeded federally insured limits by $3,067,684. The Institute has not experienced any losses related to these accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

NOTE 6 - CONCENTRATIONS

For the year ended December 31, 2022, the Institute received 99.94% of its income from grants and contributions. Nearly 42% of its grant income and 25% of its total revenue and support for the year ended December 31, 2022, are derived from two grants. Also, 52% of its contribution income and 20% of its total revenue and support for the year ended December 31, 2022, are derived from one contribution.

NOTE 7 - LEASE COMMITMENTS

At December 31, 2022, the Institute was obligated under lease for office space in Washington, D.C and New York. The office leases will expire in 2023.

Total rent expense recognized for the Institute's leases, for the year ended December 31, 2022 was $248,902. As of December 31, 2022, the Company's weighted average discount rate was 0.78% and weighted average remaining lease term was 0.74 years. Total monthly rent payments are $20,100.

The following table summarizes the maturity of the Institute's lease liabilities on an undiscounted cash flow basis and a reconciliation to the lease liabilities recognized in the Institute's statement of financial position.

Years ending December 31,	
2023	$ 186,800
Imputed interest	(479)
	$ 186,321

NOTE 8 - FAIR VALUE MEASUREMENTS

The Institute complies with FASB ASC 820-10 as amended. FASB ASC 820-10 requires that fair value be determined by providing a fair value hierarchy consisting of three levels, generally ranging from the most objective determination of fair value to the most subjective. The levels vary depending on the objectivity of the information used in valuation techniques to determine fair value. These levels are referred to as categories of input into those techniques. The three general valuation levels that may be used to measure fair value are as described below:

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.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair market value. They are the most subjective, are generally based on the entity's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances.

NOTE 8 - FAIR VALUE MEASUREMENTS (continued)

As of December 31, 2022, the Institute currently does not have any time deposit financial instruments that must be measured under FASB ASC 820-10. The Institute also currently does not have notes receivable, nonfinancial assets, or nonfinancial liabilities that are required to be measured at fair value on a recurring basis under FASB ASC 820-10.

NOTE 9 - LIQUIDITY

The following reflects the Institute's financial assets as of the statement of financial position sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position sheet date.

Cash and cash equivalents	$ 3,328,173
Grants & contribution receivable, current	670,075
Financial assets, at year-end	3,998,248
Less: donor restricted net assets	2,173,052
Financial assets available to meet cash needs for general expenditure within one year	$ 1,825,196

The Institute is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Institute must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As a part of the Institute's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities and other obligations due.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events are defined as events or transactions that occur after the statement of financial position date through the date that the financial statements are available to be issued. Management has performed an evaluation as of August 18, 2023, the date the financial statements were available to be issued, that there are no subsequent events requiring recognition or disclosure.