

**THE NATIONAL CENTER FOR PUBLIC POLICY  
RESEARCH, INC.**

**Financial Statements for the Year Ended December 31, 2022  
and Independent Auditors' Report dated September 11, 2023**

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**The National Center for Public Policy Research, Inc.**

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Jennifer S. Burke, CPA PLLC

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors  
National Center for Public Policy Research, Inc.

### **Opinion**

We have audited the accompanying financial statements of National Center for Public Policy Research, Inc. (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 financial statements referred to above present fairly, in all material respects, the financial position of National Center for Public Policy Research, Inc. 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 National Center for Public Policy Research, Inc. 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 National Center for Public Policy Research, Inc.'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, including omissions, 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 National Center for Public Policy Research, Inc.'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 National Center for Public Policy Research, Inc.'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.



Jennifer S. Burke CPA PLLC

Manassas, Virginia

September 11, 2023

**THE NATIONAL CENTER FOR PUBLIC POLICY RESEARCH, INC.**

**Statement of Financial Position**

**As of December 31, 2022**

**ASSETS**

Current Assets

Cash	\$	1,889,464
Contributions Receivable		250,000
Prepaid Expenses		<u>12,674</u>
Total Current Assets		2,152,138

Investments		676,016
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Fixed Assets

Land		1,305,470
Office Building		1,516,433
Office Furniture and Equipment		84,815
Accumulated Depreciation		<u>(87,263)</u>
Total Fixed Assets		2,819,455

Other Assets, Net of Amortization		<u>12,875</u>
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TOTAL ASSETS		<u><u>5,660,484</u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable		74,929
Accrued Liabilities		31,158
Due to Fundraisers		504,046
Note Payable, Current Portion		<u>47,773</u>
Total Current Liabilities		657,906

**Long Term Liabilities**

Note Payable, Long Term Portion		<u>1,909,782</u>
Total Liabilities		2,567,688

**Net Assets**

Net assets without Donor Restrictions		2,346,243
Net assets with Donor Restrictions		<u>746,553</u>
Total Net Assets		<u><u>3,092,796</u></u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>5,660,484</u></u>
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See the accompanying Independent Auditors' Report and notes to the financial statements

**THE NATIONAL CENTER FOR PUBLIC POLICY RESEARCH, INC.****Statement of Activities and Changes in Net Assets****For the Year Ended December 31, 2022**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Public Support	\$ 10,214,415	\$ 577,201	\$ 10,791,616
Foundation Support	175,600	1,145,000	1,320,600
Investment Income, net	(152,023)	-	(152,023)
Corporate Support	10,000	111,000	121,000
Released from Restriction	<u>1,499,587</u>	<u>(1,499,587)</u>	<u>-</u>
Total Support and Revenue	11,747,579	333,614	12,081,193
<b>EXPENSES</b>			
Program Services			
General Program	6,381,667	-	6,381,667
Free Enterprise	990,109	-	990,109
Project 21	349,478	-	349,478
Environment and Regulatory Issues	104,381	-	104,381
Health Care	<u>6,927</u>	<u>-</u>	<u>6,927</u>
Total Program Services	7,832,562	-	7,832,562
Supporting Services			
General and Administrative	562,405	-	562,405
Fundraising	<u>2,921,743</u>	<u>-</u>	<u>2,921,743</u>
Total Supporting Services	<u>3,484,148</u>	<u>-</u>	<u>3,484,148</u>
Total Expenses	<u>11,316,710</u>	<u>-</u>	<u>11,316,710</u>
<b>CHANGE IN NET ASSETS</b>	430,869	333,614	764,483
Net Assets, Beginning of Year	<u>1,915,374</u>	<u>412,939</u>	<u>2,328,313</u>
Net Assets, End of Year	<u>\$ 2,346,243</u>	<u>\$ 746,553</u>	<u>\$ 3,092,796</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

**THE NATIONAL CENTER FOR PUBLIC POLICY RESEARCH, INC.**

**Statement of Functional Expenses**

**For the Year Ended December 31, 2022**

	General Program	Free Enterprise	Project 21	Environment and Regulatory Issues	Health Care	Total Programs	General and Administrative	Fundraising	Total Supporting Services	Total
Direct Mail Costs - Outside Fundraiser	\$ 5,566,291	\$ -	\$ -	\$ -	\$ -	\$ 5,566,291	\$ 286,654	\$ 2,275,795	\$ 2,562,449	\$ 8,128,740
Salaries	170,243	555,228	167,162	61,263	3,583	957,479	102,371	345,417	447,788	1,405,267
Direct Mail Costs - In-House	547,681	-	-	-	-	547,681	-	49,896	49,896	597,577
Consulting	10,419	100,888	88,245	12,495	1,663	213,710	-	81,403	81,403	295,113
Outside Services	10,223	66,587	7,583	2,779	163	87,335	10,644	15,669	26,313	113,648
Insurance	13,506	44,050	13,262	4,860	284	75,962	8,122	27,404	35,526	111,488
Payroll Taxes	12,288	40,075	12,065	4,422	258	69,108	7,389	24,931	32,320	101,428
Travel and Sustenance	5,124	25,540	3,186	2,812	54	36,716	6,831	24,177	31,008	67,724
Interest	7,770	25,340	7,629	2,796	163	43,698	4,672	15,764	20,436	64,134
Taxes	5,872	19,150	5,766	2,113	124	33,025	3,531	11,913	15,444	48,469
Depreciation	5,358	17,475	5,261	1,928	113	30,135	3,222	10,872	14,094	44,229
Accounting	-	-	-	-	-	-	43,362	-	43,362	43,362
Legal	2,125	-	-	-	-	2,125	34,880	-	34,880	37,005
Internet	4,046	13,195	3,973	1,456	85	22,755	2,433	8,209	10,642	33,397
Meetings and Conferences	3,811	12,428	3,742	1,371	80	21,432	2,292	7,732	10,024	31,456
Sponsorships	-	15,000	15,000	-	-	30,000	-	-	-	30,000
Meals and Entertainment	-	-	-	-	-	-	22,015	-	22,015	22,015
Repairs and Maintenance	2,541	8,288	2,495	915	54	14,293	1,528	5,156	6,684	20,977
Office Supplies	2,183	7,118	2,143	785	46	12,275	1,312	4,428	5,740	18,015
Storage Costs	2,632	8,584	2,584	947	55	14,802	-	-	-	14,802
Utilities	1,719	5,607	1,688	619	36	9,669	1,034	3,488	4,522	14,191
Parking	1,693	5,522	1,663	609	36	9,523	1,018	3,435	4,453	13,976
Shipping	1,145	3,734	1,124	412	24	6,439	688	2,323	3,011	9,450
Clip Service	1,373	4,478	1,348	494	29	7,722	-	-	-	7,722
Gifts	-	-	-	-	-	-	7,256	-	7,256	7,256
Payroll Processing Fees	879	2,866	863	316	19	4,943	528	1,783	2,311	7,254
Bank Service Charges	-	-	-	-	-	-	7,071	-	7,071	7,071
Dues and Memberships	-	-	-	-	-	-	-	-	-	5,332
Rent	948	3,092	931	341	20	5,332	-	-	-	4,793
Research	581	1,894	570	209	12	3,266	349	1,178	1,527	4,714
Moving	838	2,734	823	302	17	4,714	-	-	-	2,976
Telephone	-	-	-	-	-	-	2,976	-	2,976	2,976
Books and Subscriptions	165	539	162	60	4	930	99	336	435	1,365
Printing	142	464	140	51	3	800	85	289	374	1,174
	71	233	70	26	2	402	43	145	188	590
<b>Total</b>	<b>\$ 6,381,667</b>	<b>\$ 990,109</b>	<b>\$ 349,478</b>	<b>\$ 104,381</b>	<b>\$ 6,927</b>	<b>\$ 7,832,562</b>	<b>\$ 562,405</b>	<b>\$ 2,921,743</b>	<b>\$ 3,484,148</b>	<b>\$ 11,316,710</b>

See the accompanying Independent Auditors' Report and notes to the financial statements

**THE NATIONAL CENTER FOR PUBLIC POLICY RESEARCH, INC.**

**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**

**OPERATING ACTIVITIES**

Change in Net Assets	\$	764,483
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		44,229
Net (Gains)/Losses on Investments		168,077
Stock Donations		(15,139)
(Increase)/Decrease in:		
Contributions Receivable		(158,000)
Prepaid Expenses		(6,757)
Other Assets		(14,305)
Deposits		184,915
Increase/(Decrease) in:		
Accounts Payable		30,500
Accrued Liabilities		3,232
Due to Fundraisers		(47,018)
NET CASH PROVIDED BY OPERATING ACTIVITIES		954,217

**INVESTING ACTIVITIES**

Purchase of Investments	(13,654)
Sale of Investments	417
Purchase of Fixed Assets	(2,853,739)
NET CASH USED IN INVESTING ACTIVITIES	(2,866,976)

**FINANCING ACTIVITIES**

Proceeds from Borrowings	2,000,000
Repayment of Borrowings	(42,445)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,957,555

NET INCREASE IN CASH	44,796
CASH, BEGINNING OF YEAR	1,844,668
CASH, END OF YEAR	\$ 1,889,464

See the accompanying Independent Auditors' Report and notes to the financial statements



**The National Center for Public Policy Research, Inc.**  
**Notes to the Financial Statements**  
**For the Year ended December 31, 2022**

**NOTE 1: CENTER AND NATURE OF ACTIVITIES**

The National Center for Public Policy Research, Inc. (the Center) is a not-for-profit, tax-exempt corporation headquartered in Washington, D.C. The Center is operated exclusively for educational purposes and provides analysis, study, and research on topical issues affecting public policies. Its programs include identifying ways to develop and protect the environment in such a manner that does not harm communities and the economy, working with black Americans on solutions to problems facing minority communities, and educating the public on issues of public concern including United States and foreign policy, tax and budget policy, and legal reform strategy. It publishes national policy analysis papers, press releases, editorials and participates in talk radio interviews.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation: The financial statements of the Center have been prepared on the accrual method of accounting.

The Center 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. Net assets without donor restrictions represent the expendable net assets that are available for support of the Center. Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met by the actions of the Center and/or the passage of time and those that are subject to donor-imposed stipulations that the Center maintain them permanently.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments: Investments are recorded at fair value in the statement of financial position. Realized gains and losses are recognized upon sale or disposal. Interest and dividend income are recorded on accrual basis. Unrealized gains and losses are included in the statement of activities.

Contributions Receivable: Contributions receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts, if any. Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering the Center's past receivables loss experience, known and inherent risks in the contributions receivable population, adverse situations that may affect a donor's ability to pay, and current economic conditions. Management has determined that no allowance was necessary at December 31, 2022. All contributions are receivable in less than one year.

Property and Equipment: Acquisitions of property and equipment are recorded at cost. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. Depreciation is provided over the estimated useful life of each class of depreciable

**The National Center for Public Policy Research, Inc.**  
**Notes to the Financial Statements**  
**For the Year ended December 31, 2022**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

assets and is computed using the straight-line method. The furniture and equipment are depreciated over 5 to 7 years and software is amortized over 3 years. The Center's policy is to capitalize property and equipment purchased with a cost greater than \$500.

Revenue Recognition: Public support is recorded as revenue when contributions, which include unconditional promises to give (pledges), are received. Foundation and corporate grants are recorded as revenue when awarded. All contributions with time or donor-imposed restrictions are recognized as revenue with donor restrictions that increases that net asset class. When temporary restrictions are met, the contributions are transferred to revenue without donor restrictions.

Leases: The Center determines if an arrangement is a lease at inception. Operating leases as a lessee are included in right-of-use assets and lease liabilities in the statement of financial position. Right-of-use assets represent the Center's right to use an underlying asset for the lease term. Lease obligations represent the Center's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate risk-free rate at the commencement date. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management's indirect allocation of costs is based on an estimate of how direct labor is incurred, unless the cost is specifically identified with a program. Joint costs of informational materials that include a fundraising appeal have been allocated between fundraising and public education based on content of mailings.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk: Financial instruments that potentially subject the Center to concentration of credit risk consist of cash accounts. As of December 31, 2022, the Center had \$942,162 of deposits in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Center places its cash accounts with high quality financial institutions. The Center has not experienced losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

**The National Center for Public Policy Research, Inc.**  
**Notes to the Financial Statements**  
**For the Year ended December 31, 2022**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Income Taxes: The Center is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code except income taxes at regular corporation income tax rates are required on profit resulting from unrelated business income, as defined by the Internal Revenue Code. In addition, the Center has been determined by the IRS not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax expense for the year ended December 31, 2022.

Accounting principles generally accepted in the United States of America require the Center to evaluate tax positions taken and recognize a tax liability if it is more likely than not that uncertain tax positions taken would not be sustained upon examination by taxing authorities. The Center has analyzed tax positions taken and has concluded that, as of December 31, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Center is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. Generally, the Center's tax returns remain open for three years for federal and state examination.

**NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2022, the following financial assets could readily be made available within one year to meet general expenditures:

Financial Assets at year-end:	
Cash	\$ 1,889,464
Contributions Receivable	250,000
Investments	<u>676,016</u>
Total Financial Assets	2,815,480

Assets limited to use:	
Donor Restricted	\$ <u>(746,553)</u>
Total Assets limited to use	<u>(746,553)</u>

Financial Assets available to meet cash needs for general expenditures within one year:	<u>\$ 2,068,927</u>
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**The National Center for Public Policy Research, Inc.**  
**Notes to the Financial Statements**  
**For the Year ended December 31, 2022**

**NOTE 4: INVESTMENTS**

Financial Accounting Standards Board (FASB) provides a 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 are described below:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Center 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 in active 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 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

The Center's assets at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Cash	\$ 48,323	\$ -	\$ -	\$ 48,323
Money Market Funds	933	-	-	933
Common Stock	592,277	-	-	592,277
Mutual Funds				
Equity Funds	24,520	-	-	24,520
Fixed income funds	7,661	-	-	7,661
ETFs & CEFs	2,295	-	-	2,295
Warrants	-	-	7	7
Total Investments	<u>\$ 676,009</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 676,016</u>

**The National Center for Public Policy Research, Inc.**  
**Notes to the Financial Statements**  
**For the Year ended December 31, 2022**

**NOTE 4: INVESTMENTS, CONTINUED**

Investment income is reported net of related external and direct internal investment expenses in the statement of activities. Investment income consisted of the following for the year ended December 31, 2022:

Interest and Dividends	\$ 16,471
Realized Gains / (Losses)	4,262
Unrealized Gains / (Losses)	(172,339)
Net of Investment Expenses	<u>(417)</u>
Total	<u>\$ 152,023</u>

**NOTE 5: NOTE PAYABLE**

The Center secured a mortgage loan on January 11, 2022 for \$2,000,000 bearing an interest rate of 3.49% and matures on January 11, 2032. The balance of the note as of December 31, 2022 amounted to \$1,315,968. The note is collateralized by the Center's building.

Future scheduled principal maturities of the note payables are as follows:

2023	\$ 47,773
2024	49,491
2025	51,271
2026	53,115
2027	55,025
Thereafter	<u>1,700,880</u>
	<u>\$1,957,555</u>

**NOTE 5: JOINT COSTS OF ACTIVITIES THAT INCLUDE FUNDRAISING**

The Center incurs joint costs from its direct mail program for informational materials and activities that included fundraising appeals. These joint costs have been allocated to the general program, management and general, and fundraising expense by the Center's management based on the program content of the mailings.

The costs were allocated as follows for 2022:

Program	\$ 6,116,947	70%
Management and General	286,654	3%
Fundraising	<u>2,325,690</u>	<u>27%</u>
Total Costs	<u>\$ 8,729,291</u>	<u>100%</u>

**The National Center for Public Policy Research, Inc.**  
**Notes to the Financial Statements**  
**For the Year ended December 31, 2022**

**NOTE 6: NET ASSETS**

Net Assets consisted of the following as of December 31, 2022:

<u>Net Assets without Donor Restrictions:</u>	
Unrestricted, Undesignated Net Assets	\$ 2,343,268
Total Net Assets without Donor Restrictions	\$ 2,343,268
 <u>Net Assets with Donor Restrictions:</u>	
Project 21	\$ 33,819
Free Enterprise Support	712,734
Total Net Assets with Donor Restrictions	\$ 746,553
 Total Net Assets	 <u>\$ 3,089,821</u>

**NOTE 7: RISKS AND UNCERTAINTIES**

The Center invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Center's account balances and amounts reported in the statement of financial position.

**NOTE 8: OUTSIDE FUNDRAISING**

The Center has a contract with Response Dynamics, Inc. (RDI) which is for one year and is renegotiated annually. RDI is compensated at a rate of \$50 per one thousand fundraising requests posted. Fundraising support is held in escrow by an independent agent and used to pay obligations in the following order: (1) expenses advanced by RDI; (2) postage; (3) fees of RDI; (4) fees to affiliated companies of RDI; (5) fees to third party vendors; and, (6) to the Center. The Center's allocation is a fixed monthly amount based upon the contract agreement as modified for each year. The Center's allocation was \$70,000 per month for 2022. Upon termination of the agreement, RDI shall be permitted to continue to make mailings for a period of up to one year from which all proceeds are paid to RDI and from which all outstanding invoices due to RDI and its affiliates would be deemed to be satisfied. Balances remaining in the escrow account at the end of any accounting period are considered cash of the Center but due to RDI as excess collections must be retained. As of December 31, 2022, the amount due to RDI's affiliates was \$504,046.

**The National Center for Public Policy Research, Inc.**  
**Notes to the Financial Statements**  
**For the Year ended December 31, 2022**

**NOTE 9: CHANGE IN ACCOUNTING PRINCIPLES**

Effective January 1, 2022, the Center adopted the provisions of FASB ASC Topic 842 (ASU 2016-02), Leases. ASC 842 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases, except for those with a lease term of twelve months or less. Leases are classified as either finance leases or operating leases. The Center has elected to record in its financial statements the effect of FASB ASC 842 as of the beginning of the year of adoption, which is January 1, 2022.

**NOTE 10: LEASES**

The Center has a lease for storage space. The lease is month to month leases with no termination notice required. The Center has elected to apply the short-term lease exception to all leases with a term of one year or less. The rental expense associated with this lease was \$14,803 for 2022.

**NOTE 11: SUBSEQUENT EVENTS**

In preparing these financial statements, the Center has evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through September 11, 2023, the date on which the financial statements were available to be issued.