

Financial Statements and Report of  
Independent Certified Public  
Accountants

**National Opinion Research Center  
(d/b/a NORC)**

December 31, 2022 and December 25, 2021

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
National Opinion Research Center (d/b/a NORC)

**Opinion**

We have audited the financial statements of National Opinion Research Center (NORC) (a Colorado not-for-profit corporation), which comprise the statements of financial position as of December 31, 2022 and December 25, 2021, and the related statements of activities and cash flows for the 53-week and 52-week periods 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 NORC as of December 31, 2022 and December 25, 2021, and the changes in its net assets and its cash flows for the 53-week and 52-week periods then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of matter**

As discussed in Note B to the financial statements, NORC has adopted new accounting guidance in 2022 related to the accounting for leases. Our opinion is not modified with respect to this matter.

**Basis for opinion**

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the NORC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NORC's ability to continue as a going concern for one year after the date 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NORC'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 NORC'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.

*Grant Thornton LLP*

Chicago, Illinois

April 28, 2023

**National Opinion Research Center (d/b/a NORC)**

**STATEMENTS OF FINANCIAL POSITION**

**As of December 31, 2022 and December 25, 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 16,742,290	\$ 20,466,853
Investments	40,031,144	40,559,430
Contracts and grants receivable, net	87,429,090	79,479,538
Other receivables	237,809	294,278
Prepaid expenses	5,404,621	3,906,661
Total current assets	149,844,954	144,706,760
Property and equipment, net	5,261,143	6,486,564
Operating lease right of use assets	17,264,623	-
Intangible assets, net	22,895,499	20,294,536
Total assets	<b>\$ 195,266,219</b>	<b>\$ 171,487,860</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 21,215,118	\$ 21,167,502
Accrued payroll	8,322,376	11,325,840
Accrued vacation	9,693,889	9,971,795
Other accrued liabilities	2,466,469	2,259,342
Current portion of lease liabilities	3,953,834	-
Deferred revenue	48,217,802	37,368,344
Total current liabilities	93,869,488	82,092,823
Long-term lease liabilities	17,236,255	-
Deferred rent	-	4,388,877
Total liabilities	111,105,743	86,481,700
<b>Net assets</b>		
Without donor restrictions	84,153,110	84,998,334
With donor restrictions	7,366	7,826
Total net assets	84,160,476	85,006,160
Total liabilities and net assets	<b>\$ 195,266,219</b>	<b>\$ 171,487,860</b>

The accompanying notes are an integral part of these financial statements.

**National Opinion Research Center (d/b/a NORC)**

**STATEMENTS OF ACTIVITIES**

**53-week period ended December 31, 2022 and 52-week period ended December 25, 2021**

	<b>2022</b>	<b>2021</b>
<b>Changes in net assets without donor restrictions</b>		
Revenues and other support		
Revenue	\$ 324,504,514	\$ 291,574,230
Expenses		
Project costs		
Salaries	63,596,927	55,255,903
Interviewing	23,770,922	26,262,522
Other	128,799,974	110,247,337
Total project costs	216,167,823	191,765,762
Indirect expenses		
Recovered from projects	86,419,828	78,268,809
Not recovered from projects	(281,186)	(141,031)
Total indirect expenses	86,138,642	78,127,778
Total expenses	302,306,465	269,893,540
<b>Other income (expense)</b>		
Interest income	3,533	9,134
Interest expense	(224,798)	(89,635)
Investment return, net	(7,123,907)	3,338,313
Foreign currency translation	(66,930)	(176,331)
Other expenses	(15,631,171)	(15,375,915)
Total other expenses	(23,043,273)	(12,294,434)
Change in net assets without donor restrictions	(845,224)	9,386,256
<b>Changes in net assets with donor restrictions</b>		
Net assets released from restrictions	(460)	-
Change in net assets with donor restrictions	(460)	-
Change in net assets	(845,684)	9,386,256
<b>Net assets</b>		
Beginning of period	85,006,160	75,619,904
End of period	\$ 84,160,476	\$ 85,006,160

The accompanying notes are an integral part of these financial statements.

**National Opinion Research Center (d/b/a NORC)**

**STATEMENTS OF CASH FLOWS**

**53-week period ended December 31, 2022 and 52-week period ended December 25, 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (845,684)	\$ 9,386,256
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	8,317,285	7,648,888
Realized and unrealized losses (gains) on investments	7,882,062	(2,641,473)
Changes in operating assets and liabilities		
Contracts receivable	(7,949,552)	(1,108,076)
Other receivables	56,469	152,186
Prepaid expenses	(1,497,960)	(1,563,268)
Accounts payable, accrued payroll, vacation and other accrued liabilities	(3,026,625)	167,616
Deferred revenue	10,849,458	8,049,092
Deferred rent	-	(141,032)
Long-term deferred expense credit	-	(182,224)
Operating lease right of use assets	(463,413)	-
	<b>13,322,040</b>	<b>19,767,965</b>
<b>Net cash provided by operating activities</b>		
<b>Cash flows from investing activities:</b>		
Purchases of investments	(7,353,776)	(7,045,407)
Purchase of property and equipment and intangibles	(9,692,827)	(10,232,321)
	<b>(17,046,603)</b>	<b>(17,277,728)</b>
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities:</b>		
Proceeds from line of credit	24,000,000	7,000,000
Repayments on line of credit	(24,000,000)	(7,000,000)
	<b>-</b>	<b>-</b>
<b>Net cash used in financing activities</b>		
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,724,563)</b>	<b>2,490,237</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>20,466,853</b>	<b>17,976,616</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 16,742,290</b>	<b>\$ 20,466,853</b>
<b>Supplemental information:</b>		
Cash paid during the period for interest	<b>\$ 224,798</b>	<b>\$ 89,635</b>

The accompanying notes are an integral part of these financial statements.

**National Opinion Research Center (d/b/a NORC)**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and December 25, 2021**

**NOTE A - ORGANIZATION AND PURPOSE**

National Opinion Research Center (“NORC”) is a not-for-profit corporation incorporated in the state of Colorado and affiliated with the University of Chicago. NORC conducts survey research in the public interest domestically and internationally for government agencies, educational institutions, private foundations, not-for-profit organizations and private corporations.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

NORC is required to report information regarding its financial position and activities in two classes of net assets - without donor restrictions and with donor restrictions.

Net Assets without Donor Restrictions

Net assets without donor restrictions are available to finance the general operations of NORC. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of NORC, the environment in which it operates and the purposes specified in its articles of incorporation. Voluntary resolutions by the board of trustees to designate a portion of NORC’s net assets without donor restrictions for specified purposes do not result in restricted funds. Since designations are voluntary and may be reversed by the board of trustees at any time, designated net assets are included under the caption net assets without donor restrictions. Board-designated net assets include net assets for future special projects over which the board retains control and may, at its discretion, subsequently use for other purposes.

Net Assets with Donor Restrictions

Net assets with donor restrictions represent contributions subject to donor-imposed restrictions. Some restrictions are temporary in nature, stipulating that resources be used after a specified date or for a particular purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. Some restrictions are perpetual in nature and mandate the original principal be invested in perpetuity. NORC does not have any net assets with perpetual restrictions.

***Revenue Recognition***

NORC generates revenue under various contracts and grants, including (1) cost reimbursable plus fixed-fee contracts; (2) fixed-price contracts; (3) time-and-materials contracts; and (4) grants.

***Contributed Revenue***

NORC recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions recognized as revenue for the 53-week period ended December 31, 2022 and 52-week period ended December 25, 2021 were \$277,279,307 and \$231,368,928, respectively.

**National Opinion Research Center (d/b/a NORC)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and December 25, 2021**

A portion of NORC's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when NORC has incurred expenditures in compliance with specific contract or grant provisions. NORC invoices federal and state governments in conformity with government contract schedules. Deferred revenue associated with funds received in advance of the costs being incurred at December 31, 2022 and December 25, 2021 is \$781,710 and \$437,433, respectively.

***Revenue from Contracts with Customers***

Revenue from contracts with customers is recorded based on the accrual basis of accounting and is derived primarily from fixed-price contracts associated with research activities. Revenue from contracts with customers for the 53-week period ended December 31, 2022 and 52-week period ended December 25, 2021 was \$47,225,208 and \$60,205,302, respectively. NORC recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. When appropriate, an estimate is reserved as a potential future loss on contracts. Losses on contracts for the 53-week period ended December 31, 2022 and 52-week period ended December 25, 2021 were \$515,690 and \$646,879, respectively. Deferred revenue associated with funds received in advance of services performed at December 31, 2022 and December 25, 2021 is \$3,023,919 and \$2,354,774, respectively.

***Fair Value***

Accounting principles generally accepted in the United States of America ("U.S. GAAP") define fair value, establish a framework for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and specify disclosure requirements for fair value measurements. Furthermore, NORC maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but that are traded less frequently and investments that are fairly valued using other securities, the parameters of which can be directly observed.
- Level 3 - These securities have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value whereby the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A

**National Opinion Research Center (d/b/a NORC)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and December 25, 2021**

financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement; however, the determination of what constitutes observable requires significant judgment by NORC. NORC considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the fair value hierarchy is based on the pricing transparency of the instrument and does not necessarily correspond to NORC's perceived risk of that instrument.

***Valuation of Investments***

Investments with values that are based on quoted market prices in active markets and are, therefore, classified within Level 1 include active listed equities and fixed income funds.

Investments that trade in markets that are not considered to be active but that are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Investments and financial instruments classified within Level 3 have significant unobservable inputs as they trade infrequently or not at all.

***Contract and Grant Receivables***

Contract and grant receivables are due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Unbilled receivables result from revenue recognized from the contract and grant costs that have not yet been invoiced.

NORC determines its allowance for uncollectible accounts by considering a number of factors, including the length of time contract and grant receivables are past due, NORC's previous loss history, and the condition of the general economy and the industry as a whole. NORC writes off contract and grant receivables when they become uncollectible. The policy for determining uncollectible receivables is assessed on a customer-by-customer basis.

***Fiscal Periods***

NORC's fiscal years are composed of 52-week and 53-week periods. The fiscal years presented herein are December 26, 2021 through December 31, 2022, which is a 53-week period; and December 27, 2020 through December 25, 2021, which is a 52-week period.

***Cash Equivalents***

For purposes of the statements of cash flows, NORC considers cash equivalents to be all short-term, highly liquid investments with maturities of three months or less at time of purchase.

***Property and Equipment***

Property and equipment are stated at cost if purchased for \$5,000 or more. Depreciation of furniture, equipment and software is provided over the estimated useful life of two to seven years using the straight-line method. Leasehold improvements are amortized using the straight-line method over the shorter of the useful lives or the life of the related lease. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed.

**National Opinion Research Center (d/b/a NORC)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and December 25, 2021**

***Intangible Assets***

Acquired software and developed software are stated at cost. Amortization is provided over the estimated useful life of two to ten years using the straight-line method. Expenditures in relation to the development of identifiable and unique software products used by NORC are recognized as intangible assets and amortized over their estimated useful lives. Capitalized costs may include payroll and payroll-related costs for employees directly associated with and who devote time to software development. Expenditures associated with maintaining computer software programs are recognized as an expense when incurred.

***Leases***

NORC has operating lease agreements for office space and office equipment expiring in various years through 2030. Certain operating leases provide for renewal options for periods from 1 to 10 years. In most cases, NORC is required to make additional payments under facility operating leases for taxes, insurance and other operating expenses incurred during the operating lease period. NORC determines if a contract contains a lease when the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Upon such identification and commencement of a lease, NORC establishes a right of use ("ROU") asset and a lease liability in the statement of financial position.

A lease component is defined as an asset within the lease contract that a lessee can benefit from the use of and is not highly dependent or interrelated with other assets in the arrangement. A lease contract may contain multiple lease components. A non-lease component is defined as a component of the lease that transfers a good or service for the underlying asset, such as maintenance services. NORC has determined that all of its leases contain one lease component related to the building. The lease liability represents future lease payments for lease components discounted for present value. Lease payments that may be included in the lease liability include fixed payments, variable lease payments that are based on an index or rate. Certain leases contain rent escalation clauses that are specifically stated in the lease and these are included in the calculation of the lease liability. Variable lease payments for lease components which are not based on an index or rate are excluded from the calculation of the lease liability and are recognized in the statement of activities during the period incurred.

The ROU asset consists of the amount of the initial measurement of the lease liability and adjusted for any lease incentives, including rent abatements and tenant improvement allowances, and any initial direct costs incurred by the lessee. The ROU asset is amortized over the remaining lease term on a straight-line basis.

The lease term is determined by taking into account the initial period as stated in the lease contract and adjusted for any renewal options that NORC is reasonably certain to exercise as well as any period of time that the lessee has control of the space before the stated initial term of the lease.

NORC uses discount rates to determine the net present value of gross lease obligations when calculating the lease liability and related ROU asset. In cases in which the rate implicit in the lease is readily determinable, that discount rate is used for purposes of the net present value calculation. In all cases, lease agreements do not have a discount rate that is readily determinable and therefore NORC has elected to use the risk-free rate to compute the present value of the lease payment. The rate is determined at lease commencement or lease modification over a similar term.

***Expense Allocation***

The costs of providing various programs and other activities have been summarized on a functional basis in Note Q. All overhead costs are considered indirect management and general costs. Bid and proposal costs directly associated with the projects are included within indirect expenses. All indirect costs are allocated to projects based on NORC's indirect cost rates.

**National Opinion Research Center (d/b/a NORC)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and December 25, 2021**

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

***Recent Accounting Pronouncements***

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. The underlying principle is that lessees should recognize the assets and liabilities arising from leases on the statement of financial position. The guidance requires a lessee to recognize a liability to make lease payments (the lease liability) and a ROU asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous U.S. GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statement of financial position. The accounting applied by a lessor is largely unchanged from that applied under previous U.S. GAAP. NORC adopted ASU No. 2016-02 for the 53-week period ending December 31, 2022 using the current period adjustment method which impacted the presentation of NORC’s financial condition and disclosures, but there was no material impact on the results from operations.

**NOTE C - TAX STATUS**

NORC has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, except for income taxes pertaining to unrelated business income.

The Financial Accounting Standards Board issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no material uncertain positions that require recognition in the financial statements. NORC accrued provisions for income taxes as the entity has unrelated business income. There are no interest or penalties recognized in the consolidated financial statements.

**NOTE D - CONCENTRATIONS**

Throughout the year, certain financial instruments subject NORC to credit risk. Those financial instruments consist primarily of cash and contracts receivable. NORC maintains its cash and cash equivalents in high credit-quality financial institutions. At times, these balances may be in excess of the Federal Deposit Insurance Corporation insurance limit. NORC has not experienced any losses in such accounts.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. In order to more conveniently meet the obligations of certain international projects, NORC maintains a Euro-denominated deposit account with a balance of \$2,915,384 and \$2,627,966 at December 31, 2022 and December 25, 2021, respectively. NORC does not believe this account to be a significant foreign currency risk.

In 2022 and 2021, 57% and 47%, respectively, of contract receivables were due from certain agencies of the federal government. Such receivables are due from multiple departments and agencies of the U.S. government and have been invoiced in accordance with contractual terms. As such, management does not believe this concentration to be a significant credit risk at December 31, 2022 and December 25, 2021.

**National Opinion Research Center (d/b/a NORC)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and December 25, 2021**

**NOTE E - CONCENTRATION OF REVENUES**

Certain agencies of the federal government provide a substantial amount of the funding for NORC. In 2022, agencies of the federal government provided 73% of NORC's revenues (87% as prime contracts and 13% as subcontracts). In 2021, agencies of the federal government provided 69% of NORC's revenues (82% as prime contracts and 18% as subcontracts).

**NOTE F - INDIRECT EXPENSES**

The U.S. Department of Health and Human Services ("DHHS") approves the provisional annual rates that are used to allocate indirect expenses to contracts and grants. Expenses are allocated based on a percentage of direct costs (excluding certain non-indirect-bearing costs). Every year, NORC uses DHHS provisional rates throughout the year, but closes the year at the actual rates incurred; DHHS then approves those actual rates and provides new provisional rates for future years. In 2022, NORC was approved to utilize the 2022 provisional rates that had been approved in 2021 since DHHS is delayed in their approval of the 2021 actual rates. In 2022, the actual rates at which NORC incurred expenses were slightly higher than the provisional rates. In years when expenditures exceed the provisional rates, NORC may bill a portion of these unrecovered expenses to its respective customers in the subsequent year, if permitted by the regulatory agency via the approved final rates. In years when expenditures are less than the provisional rates, NORC is required to remit any credits due on federally funded projects back to the sponsor. The portion of overhead expenses that remains unbilled at fiscal year-end is included in contracts receivable on the statements of financial position.

**NOTE G - INVESTMENTS**

The fair value of investments is as follows at December 31, 2022 and December 25, 2021:

	2022	2021
Fixed income funds	\$ 14,754,658	\$ 15,385,041
Equities funds	17,278,015	17,259,448
International equities funds	7,998,471	7,914,941
Total	\$ 40,031,144	\$ 40,559,430

**NOTE H - FAIR VALUE OF INVESTMENTS**

The following tables summarize investments by fair value hierarchy levels at December 31, 2022 and December 25, 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Fixed-income funds	\$ 14,754,658	\$ -	\$ -	\$ 14,754,658
Equities funds	17,278,015	-	-	17,278,015
International equities funds	7,998,471	-	-	7,998,471
Total	\$ 40,031,144	\$ -	\$ -	\$ 40,031,144

National Opinion Research Center (d/b/a NORC)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and December 25, 2021

	2021			Total
	Level 1	Level 2	Level 3	
Fixed-income funds	\$ 15,385,041	\$ -	\$ -	\$ 15,385,041
Equities funds	17,259,448	-	-	17,259,448
International equities funds	7,914,941	-	-	7,914,941
Total	<u>\$ 40,559,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,559,430</u>

**NOTE I - CONTRACTS AND GRANTS RECEIVABLE**

Contracts and grants receivable at December 31, 2022 and December 25, 2021 consisted of the following:

	2022	2021
Billed	\$ 65,567,509	\$ 62,160,100
Unbilled for work incurred	24,194,292	19,579,477
Total	89,761,801	81,739,577
Less - allowance for uncollectible accounts	(2,332,711)	(2,260,039)
Net receivable	<u>\$ 87,429,090</u>	<u>\$ 79,479,538</u>

**NOTE J - PROPERTY AND EQUIPMENT**

Components of property and equipment at December 31, 2022 and December 25, 2021 are shown below:

	2022	2021
Leasehold improvements	\$ 3,423,281	\$ 3,314,780
Office furniture	5,626,732	5,598,456
Computer equipment	16,592,618	14,909,644
Automotive	21,076	21,076
Total property and equipment	25,663,707	23,843,956
Less accumulated depreciation	(20,402,564)	(17,357,392)
Property and equipment, net	<u>\$ 5,261,143</u>	<u>\$ 6,486,564</u>

Total depreciation expense was \$3,045,172 and \$3,006,082 in 2022 and 2021, respectively.

In 2021, \$9,009,590 of fully depreciated fixed assets with associated accumulated depreciation of (\$9,009,590) were retired.

**National Opinion Research Center (d/b/a NORC)**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2022 and December 25, 2021**

**NOTE K - INTANGIBLE ASSETS**

Intangible assets consist of the following at December 31, 2022 and December 25, 2021:

	<u>2022</u>	<u>2021</u>
Field/internet survey data collection/case management system	\$ 9,313,726	\$ 8,335,415
Sample frame	2,487,010	2,225,243
Probability panel	28,928,696	24,681,167
Telephone survey data collection/case management system	7,353,249	7,275,411
Computer software	5,820,771	5,591,792
Website	7,269,110	6,058,085
Other software development	4,365,964	3,498,337
	<u>65,538,526</u>	<u>57,665,450</u>
Total intangible assets		
Less accumulated amortization	<u>(42,643,027)</u>	<u>(37,370,914)</u>
Intangible assets, net	<u>\$ 22,895,499</u>	<u>\$ 20,294,536</u>

Total amortization expense was \$5,272,113 and \$4,642,806 in 2022 and 2021, respectively. Future amortization is as follows:

<u>Periods Ending December</u>	
2023	\$ 5,132,930
2024	4,412,521
2025	3,836,589
2026	3,013,419
2027	2,053,843
2028 and thereafter	<u>4,446,197</u>
Total	<u>\$ 22,895,499</u>

In 2021, \$774,961 of fully amortized intangible assets with associated accumulated amortization of (\$774,961) were retired.

**NOTE L - TRANSACTIONS WITH AFFILIATES**

NORC is affiliated with the University of Chicago. For the purpose of conducting its business, NORC has entered into certain transactions with the University of Chicago for data processing services, sharing of personnel and certain lease arrangements. Transactions between the parties are conducted within the normal course of business. The amount of revenue billed to the University of Chicago in 2022 and 2021 was \$3,008,398 and \$2,476,507, respectively. NORC contracted with the University of Chicago for research services, leasing and data processing totaling \$1,733,380 and \$1,971,192 in 2022 and 2021, respectively. Contracts receivable from the University of Chicago were \$542,885 and \$806,801 at December 31, 2022 and December 25, 2021, respectively. Accounts payable to the University of Chicago were \$141,857 and \$464,832 at December 31, 2022 and December 25, 2021, respectively. NORC made payments to the University of Chicago as described in Note P.

**National Opinion Research Center (d/b/a NORC)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and December 25, 2021**

**NOTE M - LONG-TERM DEBT AND FINANCING ARRANGEMENTS**

NORC entered into a line of credit agreement on January 25, 2018, which expired on January 31, 2020. On January 28, 2020, the maximum borrowing available under the line of credit was increased from \$5,000,000 to \$8,000,000, with an expiration date of January 31, 2021. On December 3, 2020, NORC entered into a new line of credit agreement with the maximum borrowing available of \$20,000,000, with an expiration date of December 5, 2022. On December 5, 2022, NORC entered into a new line of credit agreement with the maximum borrowing available of \$20,000,000, with an expiration date of December 5, 2023. The line of credit is subject to interest at the prime rate, which was 7.50% and 3.25% at December 31, 2022 and December 25, 2021, respectively.

The outstanding balances on the lines of credit were \$-0- at December 31, 2022 and December 25, 2021. Interest payments were \$159,187 and \$28,979 in 2022 and 2021, respectively.

The line of credit was issued under a current credit agreement with JPMorgan, which contains a financial covenant requiring minimum liquidity balances. At December 31, 2022 and December 25, 2021, respectively, NORC was in compliance with this covenant.

NORC has two standby letter of credits amounting to \$354,652 and \$141,620 in 2022 and 2021, respectively, which expires on February 28 of each year and is automatically extended on March 1 of each year indefinitely.

**NOTE N - RETIREMENT PLANS**

NORC participates in a non-contributory defined contribution retirement plan and a contributory defined contribution plan. Both plans are sponsored by the Teacher's Insurance and Annuity Association - College Retirement Equities Fund.

NORC employees are the sole contributors to the contributory defined contribution plan, and all employees are eligible to participate in the plan.

NORC contributes to the non-contributory defined contribution retirement plan for the benefit of all eligible employees who work more than 1,000 hours in a year; however, employees who are subject to a Service Contract Act Wage Determination will be considered immediately eligible for a contribution from NORC. The contributions are applied as premiums on regular retirement annuity contracts owned by the participants.

NORC may make a discretionary employer contribution on behalf of eligible employees to the non-contributory defined contribution retirement plan. For employees who are subject to a Service Contract Act Wage Determination, the contribution will be in the amount specified in the applicable wage determination for the contract for which each hour the work is being performed, including vacation and holiday hours reported. The contribution amount is subject to modification based on the issuance of a new Wage Determination. Retirement expense was \$13,376,059 and \$11,013,092 in 2022 and 2021, respectively.

Beginning in 2016, eligible highly compensated employees were offered participation in a retirement plan under a 457(b) deferred compensation arrangement. Participants may make tax deferred contributions, through salary reduction, up to the applicable annual 457(b) deferred compensation limit into a fully vested account. The plan assets are reported with investments on the statements of financial position.

**National Opinion Research Center (d/b/a NORC)**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2022 and December 25, 2021**

**NOTE O - RESTRICTIONS AND DESIGNATIONS ON NET ASSETS**

Net assets with and without donor restrictions at December 31, 2022 and December 25, 2021 consist of the following balances:

	2022	2021
Amounts without donor restrictions		
Board-designated	\$ -	\$ -
Undesignated	84,153,110	84,998,334
Total net assets without donor restrictions	84,153,110	84,998,334
Amounts with donor restrictions		
Purpose restricted for the Making Invisible Visible project	7,366	7,826
Total net assets	\$ 84,160,476	\$ 85,006,160

**NOTE P - COMMITMENTS**

**Leases**

Components of lease expense for the periods ending December 31, 2022, is summarized as follows (in thousands):

	2022
Lease expenses (1)	
Fixed lease expenses – operating	\$ 4,900,867
Variable lease expenses – operating	3,439,714
Total lease expenses	\$ 8,340,581

(1) Lease expense represents the amount recorded within the statements of activities. Variable lease amounts represent expenses recognized as incurred which are not included in the lease liability.

For 2022, base office rent expenses of \$335,268 related to leases with the University of Chicago, a related party. For 2021, the amounts charged to indirect expenses for base office rents were \$4,794,558. Of this base office rent expenses, \$321,293 related to leases with the University of Chicago, a related party.

Supplemental cash flow information related to leases for the period ended December 31 2022, was as follows:

Cash paid for amounts included in the measurement of lease obligations	\$ 4,900,867
Leased assets obtained in exchange for new operating lease obligations	20,549,231

Supplemental statement of financial position information related to leases at December 31 2022, was as follows:

Weighted average remaining lease term (in months) - operating leases	62.8
Weighted average discount rate - operating leases	4.16

**National Opinion Research Center (d/b/a NORC)**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2022 and December 25, 2021**

Minimum future lease payments under non-cancelable leases having remaining terms in excess of one year as are as follows:

<u>Periods Ending December</u>	<u>Operating Leases</u>
2023	\$ 5,589,697
2024	4,657,470
2025	4,541,602
2026	3,562,925
2027	2,283,190
Thereafter	<u>3,067,715</u>
Total minimum lease payments	23,702,599
Less: imputed interest	<u>(2,512,510)</u>
Present value of future minimum lease payments	<u>\$ 21,190,089</u>

**NOTE Q - FUNCTIONAL EXPENSES**

Expenses by functional category for the 53-week period ended December 31, 2022 are as follows:

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 120,720,597	\$ 65,766,803	\$ 186,487,400
Subcontractor costs, respondent fees and handling charges	50,920,543	779,064	51,699,607
Outside staff/computing and network	21,259,520	9,424,918	30,684,438
Travel, supplies, telephone and other office expenses	21,909,676	1,817,757	23,727,433
Depreciation and amortization	-	8,317,285	8,317,285
Rent	-	4,476,382	4,476,382
Interest	-	224,798	224,798
Other	<u>1,265,998</u>	<u>11,189,358</u>	<u>12,455,356</u>
Total expenses	<u>\$ 216,076,334</u>	<u>\$101,996,365</u>	<u>\$ 318,072,699</u>

**National Opinion Research Center (d/b/a NORC)**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2022 and December 25, 2021**

Expenses by functional category for the 52-week period ended December 25, 2021 are as follows:

	Program	Management and General	Total
Salaries and benefits	\$ 111,844,781	\$ 56,486,690	\$ 168,331,471
Subcontractor costs, respondent fees and handling charges	44,590,349	687,012	45,277,361
Outside staff/computing and network	19,047,012	8,413,203	27,460,215
Travel, supplies, telephone and other office expenses	15,300,832	3,426,973	18,727,805
Depreciation and amortization	-	7,648,888	7,648,888
Rent	-	4,653,527	4,653,527
Interest	-	89,635	89,635
Other	5,210	12,363,731	12,368,941
	<b>\$ 190,788,184</b>	<b>\$ 93,769,659</b>	<b>\$ 284,557,843</b>
Total expenses	<b>\$ 190,788,184</b>	<b>\$ 93,769,659</b>	<b>\$ 284,557,843</b>

**NOTE R - LIQUIDITY**

NORC's working capital and cash flows fluctuate during the year due to the timing of grant receipts. To help manage unanticipated liquidity needs, NORC's investments could also be made available as necessary. In addition, NORC has a committed line of credit in the amount of \$20 million, which it could draw upon.

NORC's financial assets available for general use within one year of December 31, 2022 and December 25, 2021 are as follows:

	2022	2021
Cash and cash equivalents	\$ 16,742,290	\$ 20,466,853
Investments	40,031,144	40,559,430
Contracts receivable, net (adjusted for fringe variance)	83,844,399	78,527,218
	<b>\$ 140,617,833</b>	<b>\$ 139,553,501</b>

**NOTE S - SUBSEQUENT EVENTS**

NORC evaluated its December 31, 2022 financial statements for subsequent events through April 28, 2023, the date the financial statements were available to be issued. NORC is not aware of any subsequent events that would require recognition or disclosure in the financial statements.