

Financial Statements and Report of
Independent Certified Public
Accountants

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

December 26, 2020 and December 28, 2019

Contents

	Page
Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of cash flows	7
Notes to financial statements	8
Single Audit Reports	
Schedule of expenditures of federal awards	21
Notes to schedule of expenditures of federal awards	23
Schedule of expenditures under federal and non-federal financial awards/contracts	24
Report of Independent Certified Public Accountants on internal control over financial reporting and on compliance and other matters required by <i>Government Auditing Standards</i>	25
Report of Independent Certified Public Accountants on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance	27
Schedule of findings and questioned costs	29

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
National Opinion Research Center

Report on the financial statements

We have audited the accompanying financial statements of National Opinion Research Center (NORC) (a Colorado not-for-profit corporation), which comprise the statements of financial position as of December 26, 2020 and December 28, 2019, and the related statements of activities and cash flows for the 52-week periods then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to NORC's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Opinion Research Center as of December 26, 2020 and December 28, 2019, and the changes in its net assets and its cash flows for the 52-week periods then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters*Supplementary information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures under federal and non-federal financial awards/contracts for the 52-week period ended December 26, 2020, on pages 21 and 24, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated April 30, 2021, on our consideration of NORC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NORC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NORC's internal control over financial reporting and compliance.



National Opinion Research Center

STATEMENTS OF FINANCIAL POSITION

As of December 26, 2020 and December 28, 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 17,976,616	\$ 11,681,374
Investments	30,872,550	25,969,577
Contracts and grants receivable, net	78,371,462	58,844,334
Other receivables	446,464	146,751
Prepaid expenses	2,343,393	1,491,834
Total current assets	130,010,485	98,133,870
Property and equipment, net	6,900,254	7,022,774
Intangible assets, net	17,297,413	18,223,017
Total assets	\$ 154,208,152	\$ 123,379,661
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 23,067,113	\$ 15,741,731
Accrued payroll	11,026,955	8,265,906
Accrued vacation	8,789,306	6,861,695
Other accrued liabilities	1,673,489	1,283,953
Current portion of long-term debt	-	2,700,000
Deferred revenue	29,319,252	25,446,396
Total current liabilities	73,876,115	60,299,681
Long-term debt, net of current portion	-	4,000,000
Deferred rent	4,712,133	4,900,711
Total liabilities	78,588,248	69,200,392
NET ASSETS		
Without donor restrictions	75,612,078	54,168,851
With donor restrictions	7,826	10,418
Total net assets	75,619,904	54,179,269
Total liabilities and net assets	\$ 154,208,152	\$ 123,379,661

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

National Opinion Research Center

STATEMENTS OF ACTIVITIES

52-week periods ended December 26, 2020 and December 28, 2019

	2020	2019
Changes in net assets without donor restrictions		
Revenues and other support		
Revenue	\$ 267,540,633	\$ 236,958,367
Expenses		
Project costs		
Salaries	50,305,620	44,747,238
Interviewing	17,291,726	21,673,913
Other	108,814,003	91,908,540
Total project costs	176,411,349	158,329,691
Indirect expenses		
Recovered from projects	68,933,005	64,125,259
Not recovered from projects	(6,353)	120,336
Total indirect expenses	68,926,652	64,245,595
Total expenses	245,338,001	222,575,286
Other income (expense)		
Interest income	7,182	60,915
Interest expense	(430,865)	(431,056)
Investment return, net	3,809,031	3,310,987
Foreign currency translation	257,622	(110,830)
Other expenses	(4,402,375)	(10,239,518)
Total other expenses	(759,405)	(7,409,502)
Change in net assets without donor restrictions	21,443,227	6,973,579
Changes in net assets with donor restrictions		
Net assets released from restrictions	(2,592)	-
Change in net assets with donor restrictions	(2,592)	-
Change in net assets	21,440,635	6,973,579
Net assets		
Beginning of period	54,179,269	47,205,690
End of period	\$ 75,619,904	\$ 54,179,269

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

National Opinion Research Center

STATEMENTS OF CASH FLOWS

52-week periods ended December 26, 2020 and December 28, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 21,440,635	\$ 6,973,579
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	6,862,987	6,132,993
Realized and unrealized gains on investments	(3,407,329)	(2,817,149)
Changes in operating assets and liabilities		
Contracts receivable	(19,527,128)	1,497,306
Other receivables	(299,713)	1,071,799
Prepaid expenses	(851,559)	(109,356)
Accounts payable, accrued payroll, vacation and other accrued liabilities	12,403,578	5,418,772
Deferred revenue	3,872,856	7,318,609
Deferred rent	(6,354)	99,098
Long-term deferred expense credit	(182,224)	(876,729)
	<u>20,305,749</u>	<u>24,708,922</u>
Cash flows from investing activities:		
Purchases of investments	(1,495,644)	(6,716,371)
Purchase of property and equipment and intangibles	(5,814,863)	(10,525,019)
	<u>(7,310,507)</u>	<u>(17,241,390)</u>
Cash flows from financing activities:		
Repayments on note payable	-	(2,000,000)
Proceeds from long-term debt	3,000,000	3,000,000
Repayments on long-term debt	(9,700,000)	(3,250,000)
	<u>(6,700,000)</u>	<u>(2,250,000)</u>
Net cash used in financing activities	<u>(6,700,000)</u>	<u>(2,250,000)</u>
Net change in cash and cash equivalents	6,295,242	5,217,532
Cash and cash equivalents, beginning of period	<u>11,681,374</u>	<u>6,463,842</u>
Cash and cash equivalents, end of period	<u>\$ 17,976,616</u>	<u>\$ 11,681,374</u>
Supplemental information:		
Cash paid during the period for interest	<u>\$ 430,865</u>	<u>\$ 431,056</u>

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

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS

December 26, 2020 and December 28, 2019

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 52-week periods ended December 26, 2020 and December 28, 2019 were \$204,470,329 and \$215,763,658, respectively.

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

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 as of December 26, 2020 and December 28, 2019 is \$296,043 and \$75,305, 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 52-week periods ended December 26, 2020 and December 28, 2019 was \$63,070,304 and \$21,194,709, 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 accounts receivable or contract assets related to NORC's contracts for the 52-week periods ended December 26, 2020 and December 28, 2019 were \$42,429 and \$31,345, respectively. Deferred revenue associated with funds received in advance of services performed as of December 26, 2020 and December 28, 2019 is \$957,452 and \$3,465,631, 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.

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

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 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 28, 2019 through December 26, 2020; and December 30, 2018 through December 28, 2019; which are 52-week periods.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

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.

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.

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.

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. Additionally, no provision for income taxes is reflected in these financial statements and there are no interest or penalties recognized in the accompanying financial statements.

NOTE D - CONCENTRATION OF CREDIT RISK

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 \$2,432,606 and \$2,972,590 at December 26, 2020 and December 28, 2019, respectively. NORC does not believe this account to be a significant foreign currency risk.

In 2020 and 2019, 55% and 64%, 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 26, 2020 and December 28, 2019.

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

NOTE E - CONCENTRATION OF REVENUES

Certain agencies of the federal government provide a substantial amount of the funding for NORC. In 2020, agencies of the federal government provided 62% of NORC's revenues (85% as prime contracts and 15% as subcontracts). In 2019, agencies of the federal government provided 77% of NORC's revenues (88% as prime contracts and 12% as subcontracts).

NOTE F - INDIRECT EXPENSES

The U.S. Department of Health and Human Services 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). In 2020 and 2019, 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 26, 2020 and December 28, 2019:

	<u>2020</u>	<u>2019</u>
Fixed income funds	\$ 10,676,920	\$ 9,467,908
Equities funds	13,790,578	11,104,055
International equities funds	<u>6,405,052</u>	<u>5,397,614</u>
 Total	 <u>\$ 30,872,550</u>	 <u>\$ 25,969,577</u>

NOTE H - FAIR VALUE OF INVESTMENTS

The following tables summarize investments by fair value hierarchy levels as of December 26, 2020 and December 28, 2019:

	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed-income funds	\$ 10,676,920	\$ -	\$ -	\$ 10,676,920
Equities funds	13,790,578	-	-	13,790,578
International equities funds	<u>6,405,052</u>	<u>-</u>	<u>-</u>	<u>6,405,052</u>
 Total	 <u>\$ 30,872,550</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 30,872,550</u>

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

	2019			Total
	Level 1	Level 2	Level 3	
Fixed-income funds	\$ 9,467,908	\$ -	\$ -	\$ 9,467,908
Equities funds	11,104,055	-	-	11,104,055
International equities funds	5,397,614	-	-	5,397,614
Total	\$ 25,969,577	\$ -	\$ -	\$ 25,969,577

NOTE I - CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable at December 26, 2020 and December 28, 2019 consisted of the following:

	2020	2019
Billed	\$ 61,130,025	\$ 39,060,061
Unbilled for work incurred	18,523,728	20,389,771
Total	79,653,753	59,449,832
Less - allowance for uncollectible accounts	(1,282,291)	(605,498)
Net receivable	\$ 78,371,462	\$ 58,844,334

NOTE J - PROPERTY AND EQUIPMENT

Components of property and equipment at December 26, 2020 and December 28, 2019 are shown below:

	2020	2019
Leasehold improvements	\$ 3,654,156	\$ 3,615,610
Office furniture	5,639,902	5,639,921
Computer equipment	20,946,020	18,520,016
Automotive	21,076	21,076
Total property and equipment	30,261,154	27,796,623
Less accumulated depreciation	(23,360,900)	(20,773,849)
Property and equipment, net	\$ 6,900,254	\$ 7,022,774

Total depreciation expense was \$2,587,051 and \$1,974,495 in 2020 and 2019, respectively.

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

NOTE K - INTANGIBLE ASSETS

Intangible assets consist of the following at December 26, 2020 and December 28, 2019:

	<u>2020</u>	<u>2019</u>
Field/internet survey data collection/case management system	\$ 7,780,075	\$ 7,514,340
Sample frame	2,168,051	2,168,051
Probability panel	20,683,443	18,883,756
Telephone survey data collection/case management system	7,170,148	6,655,894
Computer software	5,211,230	4,887,100
Website	5,161,835	4,989,228
Other software development	<u>2,625,700</u>	<u>2,351,781</u>
Total intangible assets	50,800,482	47,450,150
Less accumulated amortization	<u>(33,503,069)</u>	<u>(29,227,133)</u>
Intangible assets, net	<u>\$ 17,297,413</u>	<u>\$ 18,223,017</u>

Total amortization expense was \$4,275,936 and \$4,158,498 in 2020 and 2019, respectively. Future amortization is as follows:

Periods ending December

2021	\$ 3,908,230
2022	3,206,774
2023	2,760,281
2024	2,385,999
2025	1,867,311
2026 and thereafter	<u>3,168,818</u>
Total	<u>\$ 17,297,413</u>

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 2020 and 2019 was \$1,840,050 and \$949,080, respectively. NORC contracted with the University of Chicago for research services, leasing and data processing totaling \$2,263,021 and \$2,366,705 in 2020 and 2019, respectively. Contracts receivable from the University of Chicago were \$845,027 and \$329,236 at December 26, 2020 and December 28, 2019, respectively. Accounts payable to the University of Chicago were \$217,558 and \$335,662 at December 26, 2020 and December 28, 2019, respectively. NORC made payments to the University of Chicago as described in Note P.

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

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. The maximum borrowing available under the line of credit was \$5,000,000. On January 28, 2020, the maximum borrowing available under the line of credit was increased to \$8,000,000, with an expiration date of January 31, 2021. This line of credit was terminated on December 5, 2020.

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. The line of credit is subject to interest at the prime rate, which was 3.25% as of December 26, 2020.

The outstanding balances on the lines of credit were \$0 at December 26, 2020 and December 28, 2019. Interest payments were \$52,527 and \$91,271 in 2020 and 2019, respectively.

NORC has one standby letter of credit amounting to \$137,861 and \$126,130 in 2020 and 2019, respectively, which expires on February 28 of each year and is automatically extended on March 1 of each year indefinitely.

As of December 13, 2020, NORC paid off all below loans early and made changes to the line of credit as discussed above.

There was no remaining debt as of December 26, 2020. Long-term debt consisted of the following at December 28, 2019:

	2019
2014 JPMorgan loan, interest rate is LIBOR plus 1.75%, matured on July 26, 2019	\$ -
2015 JPMorgan loan, interest rate is LIBOR plus 1.70% (rate of 3.46% at December 28, 2019), matures on May 31, 2020	250,000
2016 JPMorgan loan, interest rate is LIBOR plus 1.70% (rate of 3.40% at December 28, 2019), matures on February 28, 2021	750,000
2017 JPMorgan loan, interest rate is LIBOR plus 1.70% (rate of 3.49% at December 28, 2019), matures on January 31, 2022	1,300,000
2018 JPMorgan loan, interest rate is LIBOR plus 1.70% (rate of 3.40% at December 28, 2019), matures on January 31, 2023	1,900,000
2019 JPMorgan loan, interest rate is LIBOR plus 1.70% (rate of 3.40% at December 28, 2019), matures on January 31, 2024	2,500,000
Total long-term debt	6,700,000
Less current portion	(2,700,000)
Long-term debt, less current portion	\$ 4,000,000

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

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. Pension expense was \$9,823,865 and \$10,483,890 in 2020 and 2019, 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.

NOTE O - RESTRICTIONS AND DESIGNATIONS ON NET ASSETS

Net assets with and without donor restrictions at December 26, 2020 and December 28, 2019 consist of the following balances:

	2020	2019
Amounts without donor restrictions		
Board designated	\$ -	\$ -
Undesignated	75,612,078	54,168,851
Total net assets without donor restrictions	75,612,078	54,168,851
Amounts with donor restrictions		
Purpose restricted for the Making Invisible Visible project	7,826	10,418
Total net assets	\$ 75,619,904	\$ 54,179,269

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

NOTE P - COMMITMENTS

Leases

NORC has multiple office leases, the longest of which extends through 2030. Operating leases contain rent abatements and provisions for future rent increases that are amortized using the straight-line method over the lease term. Future minimum annual base rents on the office leases, excluding NORC's share of certain operating expenses and real estate taxes, are as follows:

<u>Periods ending December</u>	
2021	\$ 4,611,514
2022	4,650,970
2023	4,411,103
2024	4,466,362
2025	4,600,396
2026 and thereafter	<u>9,623,330</u>
Total	<u>\$ 32,363,675</u>

For 2020 and 2019, the amounts charged to indirect expenses for base office rents were \$5,259,718 and \$4,778,335, respectively. Of these base office rent expenses, \$411,389 and \$392,690 for 2020 and 2019, respectively, were for leases with the University of Chicago, a related party.

NORC entered a long-term agreement on August 1, 2018 for certain facilities, management services and equipment leases. This agreement is effective through July 31, 2021. The minimum payments are as follows:

2021	<u>\$ 1,062,974</u>
Total	<u>\$ 1,062,974</u>

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

NOTE Q - FUNCTIONAL EXPENSES

Expenses by functional category for the 52-week period ended December 26, 2020 are as follows:

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 93,613,390	\$ 46,535,614	\$ 140,149,004
Subcontractor costs, respondent fees and handling charges	50,131,044	439,385	50,570,429
Outside staff/computing and network	17,155,649	1,979,324	19,134,973
Travel, supplies, telephone and other office expenses	14,831,769	10,525,839	25,357,608
Depreciation and amortization	-	6,862,987	6,862,987
Rent	-	5,253,365	5,253,365
Interest	-	430,865	430,865
Other	2,733	1,474,891	1,477,624
	<u>\$ 175,734,585</u>	<u>\$ 73,502,270</u>	<u>\$ 249,236,855</u>
Total expenses			

Expenses by functional category for the 52-week period ended December 28, 2019 are as follows:

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 90,192,270	\$ 46,004,486	\$ 136,196,756
Subcontractor costs, respondent fees and handling charge	33,636,601	578,191	34,214,792
Outside staff/computing and network	15,297,906	3,260,034	18,557,940
Travel, supplies, telephone and other office expenses	19,032,785	6,134,889	25,167,624
Depreciation and amortization	-	6,132,993	6,132,993
Rent	-	4,778,335	4,778,335
Interest	-	431,056	431,056
Other	9,739	7,707,064	7,716,803
	<u>\$ 158,169,301</u>	<u>\$ 75,027,048</u>	<u>\$ 233,196,299</u>
Total expenses			

National Opinion Research Center

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 26, 2020 and December 28, 2019

NOTE R - LIQUIDITY

NORC's working capital and cash flows fluctuate during the year due to the timing of grant receipts. To manage liquidity, NORC invests cash in excess of daily requirements in a money market account. 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 26, 2020 and December 28, 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 17,976,616	\$ 11,681,374
Investments	30,872,550	25,969,577
Contracts receivable, net (adjusted for fringe variance)	<u>77,182,776</u>	<u>55,884,709</u>
	<u>\$ 126,031,942</u>	<u>\$ 93,535,660</u>

NOTE S - SUBSEQUENT EVENTS

NORC evaluated its December 26, 2020 financial statements for subsequent events through April 30, 2021, 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.

SINGLE AUDIT REPORTS

National Opinion Research Center

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

52-week period ended December 26, 2020

Funding Source/Project Name*	CFDA or Contract Number	Pass-Through Identification Number	Provided to Subrecipients	Federal Expenditures
Department of Defense	12.Unknown	N/A	\$ -	\$ 395,921
Total Department of Defense			-	395,921
Department of Education				
Innovative Approaches to Literacy - sub				
Education Service Center - sub	84.215G	N/A	12,622	35,605
Institute for Educational Sciences - prime	84.305D		429,969	748,376
Tulane University - sub	84.305C	TUL-SCC-556410-19-20	-	61,085
University of Colorado - sub	84.305A	N/A	-	16,015
University of Pennsylvania - sub	84.305C	N/A	-	198,075
National Center for Education Evaluation and Regional Assistance - sub				
American Institutes for Research - sub	84.305A	4141161	-	284,853
Virginia Commonwealth University - sub	84.Unknown		-	35
Total Department of Education			442,591	1,344,044
Department of Health and Human Services				
Agency for Healthcare Research Quality - prime	93.Unknown		209,561	1,548,448
Agency for Healthcare Research Quality - sub	93.Unknown	HHSP23337006T	-	44,990
Johns Hopkins University - sub	93.Unknown	N/A	740,450	2,233,996
Center for Disease Control and Prevention - prime	93.Unknown		6,773,815	35,133,382
Center for Preparedness and Response - sub	93.Unknown	00HCUGEE-2020-49654	-	105,787
National Network of Public Health Institutes - sub	93.391	N/A	-	1,238
Center for Medicare and Medicaid Services - prime	93.Unknown		2,769,905	31,257,057
Covered California - sub	93.525	N/A	-	18,900
Impaq International, LLC - sub	93.Unknown	N/A	-	1,641
L&M Policy Research, LLC - sub	93.Unknown	N/A	-	226,934
RAND Corporation - sub	93.Unknown	HHSM-500-2014-000361	-	8
Health Resources and Services Administration - prime	93.928		-	601,363
Eastern Tennessee State University - sub	93.211	TO1 to MSA 20-17-1-S1.1	-	3,098
University of North Dakota - sub	93.Unknown	N/A	-	300,823
Medicare Payment Advisory Commission - prime	93.Unknown		-	228,452
National Institutes of Health - prime	93.Unknown		856,475	6,282,096
Georgia State University - sub	93.077	N/A	-	90,239
Johns Hopkins University - sub	93.Unknown	N/A	-	167,009
National Cancer Institute - sub	93.Unknown	HHSN261201800005C	99,604	1,305,700
Ohio State University - sub	93.865	60029167-01	-	534,347
RAND Corporation - sub	93.273	9920190072//R01AA019663	-	108,481
Stanford University - sub	93.393	N/A	-	69,836
University of California - sub	93.865	N/A	-	26,356
University of Chicago - sub	93.Unknown	FP050631	67,674	756,889
University of Illinois Chicago - sub	93.273	18072	-	4,396
University of Miami - sub	93.279	SPC-001424	-	282,695
University of Michigan - sub	93.393	N/A	-	22,019
University of Minnesota - sub	93.866	UTA10-001189	-	967,476
University of Pennsylvania - sub	93.077	N/A	-	959
Yale University - sub	93.242	18-002453/AWD0001927	-	1,198
National Institute on Aging - prime	93.866		-	74,003
Office for Minority Health - sub				
Morehouse College - sub	93.Unknown	N/A	-	10,964
Child Trends - sub	93.647	1602/90PH0028-001-00	-	10,444
Program Support Center - prime	93.Unknown		958,200	10,336,813
Total Department of Health and Human Services			\$ 12,475,684	\$ 92,758,037

See PY FS for reference

National Opinion Research Center

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

52-week period ended December 26, 2020

Funding Source/Project Name*	CFDA or Contract Number	Pass-Through Identification Number	Provided to Subrecipients	Federal Expenditures
Department of Interior				
Association of Fish and Wildlife Agencies - sub	15.628	F20AP00134	\$ -	\$ 480,212
Total Department of Interior			-	480,212
Department of Justice				
Bureau of Justice Studies - prime	16.734		1,928	505,942
National Institute of Justice - prime	16.560		352,624	2,070,620
Boston University - sub	16.560	N/A	-	18,703
San Jose State University-sub	16.560	21-1020-6120-NORC	-	250,416
Office of Justice Programs - prime	16.560		-	30
Office of Juvenile Justice Delinquency - prime	16.540		-	102,297
Total Department of Justice			354,552	2,948,008
Department of Labor				
Bureau of International Labor Affairs - prime	17.401		69,266	243,406
International Labour Organization - sub	17.007	40310180	-	28,964
Verite - sub	17.401	N/A	-	27,910
Total Department of Labor			69,266	300,280
National Science Foundation				
National Science Foundation - prime	47. Unknown		5,000	4,958,433
Digital Promise Global - sub	47.070	N/A	-	9,046
University of California - sub	47.075	N/A	-	12,499
University of Chicago - sub	47.074	N/A	-	951
University of Western Michigan - sub	47.070	N/A	-	22,075
Total National Science Foundation			5,000	5,003,004
Social Security Administration				
Social Security Administration - prime	96.Unknown		-	194,575
Total Social Security Administration			-	194,575
Department of State				
Office to Monitor & Combat Trafficking in Persons - sub				
University of Georgia - sub	19.Unknown		-	37,949
University Corporation of Atmospheric Research - sub	19.017		-	116,890
Total Department of State			-	154,839
Department of Transportation				
National Highway Traffic Safety Admin - prime	20.Unknown		26,500	88,050
Dunlap & Associates - sub	20.Unknown	DTNH2211D00225L	-	95,085
Total Department of Transportation			26,500	183,135
United States Agency for International Development (USAID)				
United States Agency for International Development - prime	98.Unknown		1,898,055	4,120,626
Development Professionals, Inc - sub	98.Unknown	TO-LAC-20-05	-	7,407
Making Cents International, Inc - sub	98.Unknown	TO-ATR-20-05	-	76,646
EnCompass LLC - sub	98.Unknown	609400.01.15.002	39,617	654,590
Mendez, England & Assoc - sub	98.Unknown	558.000.SUB.NORC/1	-	1,213,324
Total United States Agency for International Development			1,937,672	6,072,593
Total expenditures of federal awards			\$ 15,311,265	\$ 109,834,648

*All expenditures of federal awards are contained in the research and development cluster, which is considered the major program.

See PY FS for reference

National Opinion Research Center

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

52-week period ended December 26, 2020

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. National Opinion Research Center ("NORC") did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE B - CATEGORIZATION OF PROGRAM

All work performed by NORC that is funded by federal assistance is considered research.

National Opinion Research Center

SCHEDULE OF EXPENDITURES UNDER FEDERAL AND NON-FEDERAL FINANCIAL AWARDS/CONTRACTS

52-week period ended December 26, 2020

Funding Source/Project Name*	Contract Number	Expenditures
Total federal awards (page 22)		\$ 109,834,648
Federal procurement contracts		
Appalachian Regional Commission	259540-01-1	11,487
Department of Commerce	GS10F0061N-1305M219FNAAA0041	5,823
Department of Defense	FMG-2012-024	29,978
Department of Education	Various	436,812
Department of Health and Human Services	Various	19,097,029
Department of Homeland Security	CW2249454	287,905
Department of Justice	Various	438,013
Department of Labor	Various	7,122,058
Department of State	Unknown	351,546
Department of Transportation	Various	51,322
Department of Treasury	Various	161,791
Department of Veterans Affairs	0001	405,331
Equal Employment Opportunity Commission	GS10F0033M	3,066,276
Food and Drug Administration		13,344
Federal Deposit Insurance Corporation		130,942
Government Accountability Office		56,556
Medicaid and Chip Payment and Access Commission	Various	111,634
National Aeronautics and Space Administration	5000014837	332,336
National Science Foundation	Various	1,244,888
Office of Management and Budget	OMB19C011XXX	10,981
Overseas Private Investment Corp	71311119C0036	335,874
United States Agency for International Development	Various	9,659,840
United States Department of Agriculture	Various	877,149
United States Postal Service	GS-10F-0033M	64,562
United States Securities and Exchange Commission	SECHQ116D0012	1,177,074
		<u>45,480,551</u>
Total federal procurement contracts		45,480,551
Total federal financial awards/contracts		155,315,199
Non-federal contracts		<u>88,603,569</u>
Total federal and non-federal financial awards/contracts		<u>\$ 243,918,768</u>

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
National Opinion Research Center

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Opinion Research Center (NORC), which comprise the statement of financial position as of December 26, 2020, and the related statements of activities and cash flows for the 52-week period then ended on December 26, 2020, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2021.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered NORC's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of NORC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of NORC's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in NORC's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether NORC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NORC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NORC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Chicago, Illinois
April 30, 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
National Opinion Research Center

Report on compliance for each major federal program

We have audited the compliance of National Opinion Research Center (NORC) with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the 52-week period ended December 26, 2020. NORC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to NORC's federal programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for each of NORC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NORC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of NORC's compliance.

Opinion on each major federal program

In our opinion, NORC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the 52-week period ended December 26, 2020.

Report on internal control over compliance

Management of NORC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NORC's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NORC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in NORC's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



National Opinion Research Center

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

52-week period ended December 26, 2020

I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified not considered to be material weakness(es)? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes None reported

Identification of Major Programs Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? Yes No

II - FINANCIAL STATEMENT FINDINGS

None reported.

III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.