QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

Washington, D.C.

FINANCIAL STATEMENTS

DECEMBER 31, 2025

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1 and 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4 and 5
Statements of functional expenses	6 and 7
Statements of cash flows	8
Notes to financial statements	9-19

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Quincy Institute for Responsible Statecraft (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Quincy Institute for Responsible Statecraft as of December 31, 2025 and 2024, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Quincy Institute for Responsible Statecraft 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 Quincy Institute for Responsible Statecraft's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 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 Quincy Institute for Responsible Statecraft's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Quincy Institute for Responsible Statecraft's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control related matters that we identified during the audit.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
June 24, 2026

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

Statements of Financial Position
December 31, 2025 and 2024

Assets	2025	2024
Current Assets		
Cash and cash equivalents	$ 2,180,651	$ 1,006,012
Grants and contributions receivable	637,150	1,196,954
Accrued interest receivable	38,078	- -
Prepaid expenses	62,751	26,966
Deposits	12,832	12,832
Total current assets	2,931,462	2,242,764
Other Assets		
Investments	2,072,360	2,469,607
Right-of-use assets - operating	512,207	259,684
Intangible assets - website	50,831	91,763
Total other assets	2,635,398	2,821,054
	$ 5,566,860	$ 5,063,818
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 143,088	$ 27,766
Current maturities of operating lease liabilities	303,571	262,520
Total current liabilities	446,659	290,286
Operating Lease Liabilities, less current maturities	208,636	- -
Net Assets		
Without donor restrictions	3,474,947	2,648,545
With donor restrictions	1,436,618	2,124,987
Total net assets	4,911,565	4,773,532
	$ 5,566,860	$ 5,063,818

See Notes to Financial Statements.

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

Statement of Activities
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants income	$ 488,694	$ 1,378,500	$ 1,867,194
Contribution income	3,288,121	2,308,708	5,596,829
Investment return	138,218	- -	138,218
Other income	46	- -	46
Net assets released from restrictions, restrictions satisfied by payments	4,375,577	(4,375,577)	- -
Total support and revenue	8,290,656	(688,369)	7,602,287
Expenses			
Program services	6,300,064	- -	6,300,064
Supporting services:			
Management and general	685,214	- -	685,214
Fundraising	478,976	- -	478,976
Total expenses	7,464,254	- -	7,464,254
Change in net assets	826,402	(688,369)	138,033
Net Assets			
Beginning of year	2,648,545	2,124,987	4,773,532
End of year	$ 3,474,947	$ 1,436,618	$ 4,911,565

See Notes to Financial Statements.

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants income	$ 795,426	$ 956,604	$ 1,752,030
Contribution income	3,580,280	- -	3,580,280
Investment return	94,047	- -	94,047
Other income	6,913	- -	6,913
Net assets released from restrictions, restrictions satisfied by payments	3,274,721	(3,274,721)	- -
Total support and revenue	7,751,387	(2,318,117)	5,433,270
Expenses			
Program services	6,234,608	- -	6,234,608
Supporting services:			
Management and general	679,317	- -	679,317
Fundraising	475,818	- -	475,818
Total expenses	7,389,743	- -	7,389,743
Change in net assets	361,644	(2,318,117)	(1,956,473)
Net Assets			
Beginning of year	2,286,901	4,443,104	6,730,005
End of year	$ 2,648,545	$ 2,124,987	$ 4,773,532

See Notes to Financial Statements.

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services											Supporting Services			
	General Program	Grand Strategy Program	Democratizing Foreign Policy Program	Middle East Program	East Asia Program	Communication	Eurasia	Responsible Statecraft Program	Advocacy	Global South	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and employee benefits	$ 1,091,321	$ 220,460	$ 501,152	$ 406,228	$ 349,927	$ 676,845	$ 436,304	$ 530,228	$ 222,890	$ 432,549	$ 4,867,904	$ 484,300	$ 421,401	$ 905,701	$ 5,773,605
Accounting	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	38,989	- -	38,989	38,989
Advertising	1	- -	- -	- -	- -	4,356	- -	13	- -	- -	4,370	- -	- -	- -	4,370
Amortization	40,932	- -	- -	- -	- -	- -	- -	- -	- -	- -	40,932	- -	- -	- -	40,932
Communications	- -	- -	5,000	(84)	- -	80,494	- -	- -	- -	- -	85,410	- -	- -	- -	85,410
Consultants and other professional fees	161,968	- -	2,381	5,658	5,366	26,133	12,343	64,479	2,751	3,286	284,365	3,250	9,398	12,648	297,013
Copyright	5,299	- -	- -	- -	- -	- -	- -	25,215	- -	- -	30,514	- -	- -	- -	30,514
Dues and subscriptions	3,815	- -	153	84	283	1,011	1,096	811	470	1,043	8,766	1,376	298	1,674	10,440
Equipment expense	6,252	- -	- -	1,269	39	1,866	- -	- -	123	- -	9,549	388	(490)	(102)	9,447
Insurance	1,238	245	521	5,574	376	750	485	588	247	464	10,488	2,438	469	2,907	13,395
Office supply and expense	27,411	2,733	5,979	5,009	4,835	9,993	5,652	6,741	4,464	5,920	78,737	55,356	16,684	72,040	150,777
Occupancy expense	23,152	18,644	24,338	40,197	6,469	39,830	37,421	43,062	18,644	19,904	271,661	64,134	17,970	82,104	353,765
Systems	108,186	- -	3,600	- -	- -	13,959	- -	4,042	12,742	- -	142,529	8,190	457	8,647	151,176
Travel and meetings	122,232	19,923	23,008	43,172	40,080	33,942	44,093	1,840	27,492	28,573	384,355	26,793	12,300	39,093	423,448
Website	36,364	- -	5,120	- -	- -	- -	- -	39,000	- -	- -	80,484	- -	489	489	80,973
	$ 1,628,171	$ 262,005	$ 571,252	$ 507,107	$ 407,375	$ 889,179	$ 537,394	$ 716,019	$ 289,823	$ 491,739	$ 6,300,064	$ 685,214	$ 478,976	$ 1,164,190	$ 7,464,254

See Notes to Financial Statements.

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services											Supporting Services			
	General Program	Grand Strategy Program	Democratizing Foreign Policy Program	Middle East Program	East Asia Program	Communication	Eurasia	Responsible Statecraft Program	Advocacy	Global South	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and employee benefits	$ 880,770	$ 209,577	$ 454,645	$ 480,961	$ 355,750	$ 618,246	$ 390,984	$ 464,233	$ 171,765	$ 276,401	$ 4,303,332	$ 511,221	$ 409,188	$ 920,409	$ 5,223,741
Accounting	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	39,595	- -	39,595	39,595
Advertising	- -	- -	- -	- -	- -	1,000	- -	- -	10,000	69	11,069	- -	- -	- -	11,069
Amortiization	31,034	- -	- -	- -	- -	- -	- -	- -	- -	- -	31,034	- -	- -	- -	31,034
Communications	7,500	- -	- -	- -	- -	62,734	- -	- -	- -	- -	70,234	- -	- -	- -	70,234
Consultants and other professional fees	224,205	- -	3,953	4,926	4,740	81,833	13,677	81,910	12,900	- -	428,144	8,238	18,756	26,994	455,138
Copyright	5,299	- -	- -	- -	- -	- -	- -	18,717	- -	- -	24,016	- -	- -	- -	24,016
Dues and subscriptions	8,434	- -	130	- -	955	2,891	159	- -	60	- -	12,629	580	- -	580	13,209
Equipment expense	5,405	- -	1,678	- -	- -	9,738	772	2,736	3,981	131	24,441	143	- -	143	24,584
Insurance	3,561	773	1,671	1,700	1,340	2,418	1,502	1,822	548	943	16,278	3,888	1,592	5,480	21,758
Office supply and expense	18,770	273	873	743	879	3,035	903	1,001	1,466	1,944	29,887	49,560	10,102	59,662	89,549
Occupancy expense	47,555	18,737	18,400	27,745	6,502	58,442	31,063	42,828	18,737	26,548	296,557	51,669	18,060	69,729	366,286
Systems	101,315	- -	300	10	- -	11,230	- -	411	14,427	- -	127,693	4,432	120	4,552	132,245
Travel and meetings	584,532	51,592	28,323	22,567	24,009	15,188	18,254	1,866	12,872	25,615	784,818	9,991	17,900	27,891	812,709
Website	15,498	- -	18,767	- -	- -	- -	- -	40,211	- -	- -	74,476	- -	100	100	74,576
	$ 1,933,878	$ 280,952	$ 528,740	$ 538,652	$ 394,175	$ 866,755	$ 457,314	$ 655,735	$ 246,756	$ 331,651	$ 6,234,608	$ 679,317	$ 475,818	$ 1,155,135	$ 7,389,743

See Notes to Financial Statements.

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ 138,033	$ (1,956,473)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of intangible assets	40,932	31,034
Amortization of right-of-use assets - operating	358,472	347,512
Unrealized and realized loss on investments	41,300	43,629
Changes in assets and liabilities:		
Decrease in grants and contributions receivable	559,804	912,330
(Increase) in accrued interest receivable	(38,078)	- -
(Increase) decrease in prepaid expenses	(35,785)	10,796
(Increase) in deposits	- -	(4,532)
Increase in accounts payable and accrued expenses	115,322	836
(Decrease) in operating lease liability	(361,308)	(345,711)
Net cash provided by (used in) operating activities	818,692	(960,579)
Cash Flows from Investing Activities		
Purchase of investments	(5,554,687)	(4,578,296)
Proceeds from sale of investments	5,910,634	5,264,989
Purchase of intangible assets - website	- -	(27,814)
Net cash provided by investing activities	355,947	658,879
Net increase (decrease) in cash and cash equivalents	1,174,639	(301,700)
Cash and Cash Equivalents		
Beginning of year	1,006,012	1,307,712
End of year	$ 2,180,651	$ 1,006,012
Supplemental Schedule of Noncash Operating, Investing and Financing Activities		
Right-of-use assets and operating lease liabilities acquired	$ 610,995	$ 104,969
Cash paid in the measurement of operating lease liabilities	$ 372,222	$ 366,551

See Notes to Financial Statements.

QUINCY INSTITUTE FOR RESPONSIBLE STATECRAFT

Notes to Financial Statements

Note 1. Summary of Significant Accounting Principles and Financial Policies

Organization

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

Basis of Presentation

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

Method of Accounting

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

Revenue Recognition

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

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

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

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

Classification of Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

Net Assets With Donor Restrictions – Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions.

Fixed Assets

Property and equipment are recorded at cost. Items costing less than $5,000 are charged to expense when acquired. Depreciation of furniture and equipment is calculated using the straight-line basis over the estimated useful lives of the related assets, generally three to five years. The costs of maintenance and repairs are recorded as expenses are incurred. All property and equipment purchased for the years ended December 31, 2025 and 2024 was expensed when acquired as the costs per item were less than $5,000.

Cash and Cash Equivalents

The Institute maintains a checking and cash account at a financial institution. The Institute considers all highly liquid investments, including money market accounts, with a maturity of three months or less when purchased to be cash equivalents.

Long-term investments include cash and cash equivalents which are expected to be converted to long-term investments. These assets are excluded from cash and cash equivalents on the statements of financial position.

Activities and Supporting Services

Program expenses of the Institute are as follows:

General Program:

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

Grand Strategy:

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

Democratizing Foreign Policy:

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

Middle East:

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

East Asia:

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

Communication:

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

Eurasia:

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

Responsible Statecraft:

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

Advocacy:

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

Global South:

The Global South program is helping fashion a new bargain between the United States and the Global South**,** including its middle powers, to deepen ties and enhance U.S. influence in the vast region in less militarized ways — in part by bringing their voices and perspectives into Washington's policy making spheres.

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

Income Taxes

The Institute is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization. However, the Institute is subject to tax on net income derived from any such unrelated business activities as provided for under the current tax law. To date, the Institute has not engaged in any such activities. The Institute follows the provisions of FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Institute's income tax returns. The Institute's income tax filings are subject to audit by various taxing authorities within the three year open audit periods of 2022–2024. For the years ended December 31, 2025 and 2024, the Institute has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Use of Estimates

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

Functional Allocation of Expenses

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

Intangible Assets

Intangible assets at December 31, 2025 and 2024, consisted of the Institute's re-designed website of $122,797. The asset was placed in service during the year ended December 31, 2024. The Institute calculates amortization expenses using the straight-line basis over the estimated useful lives of the related assets, generally three to five years. Amortization expense was $40,932 and $31,034 for the years ended December 31, 2025 and 2024, respectively. Accumulated amortization was $71,966 and $31,034 at December 31, 2025 and 2024. The expected future amortization for intangible assets at December 31, 2025 is $40,932 in 2026, and $9,899 in 2027.

Grants and Contributions Receivable

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

Accrued Interest Receivable

Accrued investment interest receivable represents interest earned but not yet received on investment securities and other interest-bearing instruments.

Nonfinancial Contributions

Contributed nonfinancial assets are recorded at the respective fair value of the goods or services received. Contributed nonfinancial assets include donated professional services, donated auction items, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to contributed nonfinancial assets, volunteers donated significant amounts of their time to program services; however, the financial statements do not reflect the value of these contributed services because they did not meet the criteria for recognition.

Advertising

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2025 and 2024 were $4,370 and $11,069, respectively.

Leases

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

The Institute recognizes most leases on its statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition on the statement of activities.

The Institute made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Institute made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

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

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

Note 2. Fair Value Measurement

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

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

For the years ended December 31, 2025 and 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Cash and Cash Alternatives

The fair value of cash and cash alternatives is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers, and are classified within Level 1.

Certificates of Deposit

Certificates of deposit are valued using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions, and are classified within Level 2.

The following table presents the balance of financial assets measured at fair value on a recurring basis as of December 31, 2025 and 2024.

	Level 1	Level 2	Level 3	Total
December 31, 2025				
Cash and cash alternatives	$ 186,608	$ - -	$ - -	$ 186,608
Certificates of deposit	- -	1,885,752	- -	1,885,752
	$ 186,608	$ 1,885,752	$ - -	$ 2,072,360

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Cash and cash alternatives	$ 300,915	$ - -	$ - -	$ 300,915
Certificates of deposit	- -	2,168,692	- -	2,168,692
	$ 300,915	$ 2,168,692	$ - -	$ 2,469,607

Note 3. Concentration of Credit Risk

The Institute places its cash and cash equivalents with high credit quality financial institutions, which at times may exceed federally insured limits. The Institute has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 4. Investments

Investments consisted of the following at December 31, 2025 and 2024:

December 31, 2025	Cost	Fair Value	Unrealized Appreciation
Cash and cash alternatives	$ 186,608	$ 186,608	$ - -
Certificates of deposit	1,884,466	1,885,752	1,286
	$ 2,071,074	$ 2,072,360	$ 1,286

December 31, 2024	Cost	Fair Value	Unrealized Appreciation
Cash and cash alternatives	$ 300,915	$ 300,915	$ - -
Certificates of deposit	2,165,587	2,168,692	3,105
	$ 2,466,502	$ 2,469,607	$ 3,105

Investment return consisted of the following for the years ended December 31, 2025 and 2024:

	2025	2024
Dividends and interest	$ 179,518	$ 137,676
Unrealized and realized (loss)	(41,300)	(43,629)
	$ 138,218	$ 94,047

Note 5. Net Assets with Donor Restrictions

The Institute's net assets with donor restrictions at December 31, 2025 and 2024 are as follows:

	2025	2024
Purpose restricted:		
Shagbark Hickory Fund	$ - -	$ 1,530,000
Salaam Redistribution Fund	25,000	- -
Carnegie Corporation	200,000	154,650
KAP Associate Program	24,000	23,120
East West Bank	50,000	- -
Zak Donor Advised Fund	- -	125,000
Robert Bosch Stiftung	- -	105,550
National Philanthropic Trust	626,576	- -
Other	111,042	- -
Time restricted:		
Rockefeller Brothers Fund	- -	100,000
Ford Foundation	250,000	86,667
Pivotal	150,000	- -
Total net assets with donor and time restrictions	$ 1,436,618	$ 2,124,987

Net assets were released from restrictions by incurring the following restrictions for the years ended December 31, 2025 and 2024:

	2025	2024
Purpose restricted:		
The William and Mary Greve Foundation	$ - -	$ 18,750
Shagbark Hickory Fund	1,530,000	663,284
KAP Associate Program	47,120	14,880
Ploughshares Fund	50,000	66,666
National Philanthropic Trust	573,424	- -
Carnegie Corporation	454,650	407,850
Colombe Foundation	85,000	100,000
Open Society Foundation	90,000	75,000
Open Society Policy Center	- -	37,500
Stand Together Trust	- -	666,667
Zak Donor Advised Fund	625,000	495,604
Robert Bosch Stiftung	105,550	101,854
Rockefeller Brothers Fund	3,000	100,000
Other	175,166	70,000
Time restricted:		
Rockefeller Brothers Fund	100,000	150,000
Ford Foundation	386,667	256,666
Pivotal	150,000	- -
Other	- -	50,000
Total net assets released from restrictions	$ 4,375,577	$ 3,274,721

Note 6. Lease Commitments

The Institute leases office space in Washington, DC and New York. The lease for the Washington, DC office space required monthly rent of $25,842 for January 2025 through August 2025. The Institute entered into a new lease commencing September 2025 through August 2027 with monthly rent of $26,359. The lease for the New York office space required monthly rent of $4,532 through December 2024 and $4,660 for January 2025 through December 2025. Subsequent to year-end, the Institute signed a new lease for the New York office space for January 2026 through December 2026 with monthly rent of $4,799.

Total rent expense recognized for the Institute's leases, for the years ended December 31, 2025 and 2024 was $353,765 and $366,286, respectively. As of December 31, 2025, the Institute’s weighted average discount rate was 3.66% and weighted average remaining lease term was 1.67 years. As of December 31, 2024, the Institute’s weighted average discount rate was 4.94% and weighted average remaining lease term was 0.74 years.

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

Year Ending December 31,	
2026	$ 316,302
2027	210,868
	527,170
Imputed interest	(14,963)
	$ 512,207

Note 7. Grants and Contributions Receivable

Grants and contributions receivable as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Grants and contributions receivable	$ 637,150	$ 1,196,954
Less present value discount	- -	- -
	$ 637,150	$ 1,196,954
Amounts due in:		
Less than one year	$ 637,150	$ 1,196,954
One to five years	- -	- -
	$ 637,150	$ 1,196,954

There was no discount for the years ended December 31, 2025 and 2024.

Note 8. Retirement Plans

The Institute sponsors a tax-deferred annuity retirement plan (the "Plan"). The Plan was adopted in October, 2020. The Institute uses the Basic Safe Harbor Match. Upon employment, employees are immediately eligible to contribute a percentage of their salary on a pre-tax basis to the Plan. After six months of employment, employees over 21 years of age are eligible for employer contributions. The Institute matches 100% of the first 3% for each employee's contributions and 50% of the next 2%. Employees are required to contribute to their 401(k) in order to get the match. For the years ended December 31, 2025 and 2024, the Institute made contributions of $164,472 and $112,904 to the Plan, respectively.

Note 9. Liquidity

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

	2025	2024
Cash and cash equivalents	$ 2,180,651	$ 1,006,012
Grants and contribution receivable, current	637,150	1,196,954
Accrued interest receivable	38,078	- -
Investments	2,072,360	2,469,607
Financial assets, at year-end	4,928,239	4,672,573
Less: donor restricted net assets	(1,436,618)	(2,124,987)
Financial assets available to meet cash needs for general expenditure within one year	$ 3,491,621	$ 2,547,586

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

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

Note 10. Concentrations

For the year ended December 31, 2025, approximately 49% of total support was received from four donors. As of December 31, 2025, three donors made up approximately 86% of grants and contributions receivable. For the year ended December 31, 2024, approximately 33% of total support was received from four donors. As of December 31, 2024, one donor made up approximately 63% of grants and contributions receivable.

Note 11. Subsequent Event

Subsequent to year-end, the Institute signed a new lease for the New York office space for January 2026 through December 2026 with monthly rent of $4,799 (see Note 6).

Subsequent events are defined as events or transactions that occur after the statement of financial position date through the date that the financial statements are available to be issued. Management has performed an evaluation as of June 24, 2026, the date the financial statements were available to be issued, that there are no other subsequent events requiring recognition or disclosure.