

**Institute for Policy Studies**

**Financial Statements**  
and  
Independent Auditor's Report

Years Ended December 31, 2024 and 2023

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## Independent Auditor's Report

**To the Board of Trustees  
Institute for Policy Studies**  
Washington, DC

### **Opinion**

We have audited the accompanying financial statements of Institute for Policy Studies (the "Institute"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute for Policy Studies as of December 31, 2024 and 2023, and the changes in its net assets 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. 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 Institute for Policy Studies 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 the Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



**To the Board of Trustees  
Institute for Policy Studies**

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In performing an audit in accordance with generally accepted auditing standards, we:

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



SNYDER COHN, PC  
North Bethesda, Maryland  
October 22, 2025

**Institute for Policy Studies**  
**Statements of Financial Position**

<b>December 31</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,614,133	\$ 3,004,554
Contributions and grants receivable, net	1,306,610	841,936
Other receivables	38	1,238
Investments	7,493,507	7,043,191
Prepaid expenses and deposits	114,151	110,420
Property and equipment, net	139,137	166,430
Right of use assets - operating leases	594,113	867,342
<b>Total assets</b>	<b>\$ 12,261,689</b>	<b>\$ 12,035,111</b>
<b>Liabilities and net assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 124,670	\$ 139,681
Accrued expenses	194,252	145,194
Annuity liability	71,071	77,299
Operating lease liabilities	830,335	1,205,945
Total liabilities	1,220,328	1,568,119
<b>Net assets</b>		
Without donor restrictions	1,547,138	1,807,363
With donor restrictions	9,494,223	8,659,629
Total net assets	11,041,361	10,466,992
<b>Total liabilities and net assets</b>	<b>\$ 12,261,689</b>	<b>\$ 12,035,111</b>

See Accompanying Notes

## Institute for Policy Studies

### Statement of Activities and Changes in Net Assets

**For the year ended December 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>			
Contributions and grants	\$ 1,919,216	\$ 3,178,473	\$ 5,097,689
Investment income	301,096	278,421	579,517
Rent income	79,200	-	79,200
Special event income	88,012	-	88,012
Miscellaneous income	2,444	-	2,444
Change in value of split-interest agreements	(7,137)	-	(7,137)
Net assets released from restrictions:			
Satisfaction of purpose restrictions	2,622,300	(2,622,300)	-
Total revenue and support	<u>5,005,131</u>	<u>834,594</u>	<u>5,839,725</u>
<b>Expenses</b>			
Program services:			
New economy	1,982,308	-	1,982,308
Common security	849,565	-	849,565
Affiliates	572,250	-	572,250
Communications	613,147	-	613,147
Special IPS projects	210,848	-	210,848
Next leaders	189,581	-	189,581
Total program services	<u>4,417,699</u>	<u>-</u>	<u>4,417,699</u>
Supporting services:			
General and administrative	444,646	-	444,646
Fundraising	403,011	-	403,011
Total supporting services	<u>847,657</u>	<u>-</u>	<u>847,657</u>
Total expenses	<u>5,265,356</u>	<u>-</u>	<u>5,265,356</u>
<b>Change in net assets</b>	(260,225)	834,594	574,369
Net assets - beginning of year	<u>1,807,363</u>	<u>8,659,629</u>	<u>10,466,992</u>
Net assets - end of year	<u>\$ 1,547,138</u>	<u>\$ 9,494,223</u>	<u>\$ 11,041,361</u>

See Accompanying Notes

## Institute for Policy Studies

### Statement of Activities and Changes in Net Assets

**For the year ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>			
Contributions and grants	\$ 1,873,764	\$ 2,097,327	\$ 3,971,091
Investment income	556,482	515,684	1,072,166
Rent income	47,697	-	47,697
Special event income	76,574	-	76,574
Contract income	154,531	-	154,531
Change in value of split-interest agreements	(9,517)	-	(9,517)
Net assets released from restrictions:			
Satisfaction of purpose restrictions	2,472,058	(2,472,058)	-
Total revenue and support	<u>5,171,589</u>	<u>140,953</u>	<u>5,312,542</u>
<b>Expenses</b>			
Program services:			
New economy	1,796,550	-	1,796,550
Common security	870,926	-	870,926
Affiliates	524,513	-	524,513
Communications	529,465	-	529,465
Special IPS projects	206,920	-	206,920
Next leaders	108,619	-	108,619
Total program services	<u>4,036,993</u>	<u>-</u>	<u>4,036,993</u>
Supporting services:			
General and administrative	352,675	-	352,675
Fundraising	373,114	-	373,114
Total supporting services	<u>725,789</u>	<u>-</u>	<u>725,789</u>
Total expenses	<u>4,762,782</u>	<u>-</u>	<u>4,762,782</u>
<b>Change in net assets</b>	408,807	140,953	549,760
Net assets - beginning of year	<u>1,398,556</u>	<u>8,518,676</u>	<u>9,917,232</u>
Net assets - end of year	<u>\$ 1,807,363</u>	<u>\$ 8,659,629</u>	<u>\$ 10,466,992</u>

See Accompanying Notes

Institute for Policy Studies

Statement of Functional Expenses

For the year ended December 31, 2024

	Programs						Supporting Services			Total	
	New Economy	Common Security	Affiliates	Communications	Special IPS Projects	Next Leaders	Total Program	General and Administrative	Fundraising		Total Supporting Services
Salaries, taxes & benefits	\$ 933,365	\$ 529,649	\$ -	\$ 418,955	\$ 149,557	\$ 129,311	\$ 2,160,837	\$ 859,843	\$ 176,654	\$ 1,036,497	\$ 3,197,334
Consultants	298,509	20,075	275,000	7,190	-	6,209	606,983	1,219	45,178	46,397	653,380
Rent	-	-	-	-	-	-	-	395,623	-	395,623	395,623
Accounting & auditing	-	-	-	-	-	-	-	178,993	-	178,993	178,993
Travel & meals	31,649	26,471	-	2,240	973	2,973	64,306	2,180	14,005	16,185	80,491
Subgrants	8,945	-	250,000	-	-	-	258,945	-	-	-	258,945
Website/database	1,859	3,495	-	2,005	-	-	7,359	-	73,647	73,647	81,006
IT expenses and computers	1,848	1,962	-	9,861	42	165	13,878	58,810	-	58,810	72,688
Telecommunications	4,998	1,480	-	740	740	-	7,958	22,477	-	22,477	30,435
Depreciation and amortization	8,933	-	-	-	-	-	8,933	48,360	-	48,360	57,293
Insurance - general	-	-	-	-	-	-	-	23,303	-	23,303	23,303
Catering & meeting	400	43	-	-	-	2,434	2,877	810	13,811	14,621	17,498
Equipment rental/lease	-	-	-	-	-	-	-	21,093	1,210	22,303	22,303
Legal fees	-	-	-	-	-	-	-	9,427	-	9,427	9,427
Printing and copying	-	-	-	-	-	195	195	1,210	1,673	2,883	3,078
Office supplies	2,108	-	-	155	-	94	2,357	4,599	1,010	5,609	7,966
Other operating expenses	110,398	6,343	-	16,209	3,392	215	136,557	28,903	10,133	39,036	175,593
G&A allocation	579,296	260,047	47,250	155,792	56,144	47,985	1,146,514	(1,212,204)	65,690	(1,146,514)	0
<b>Total expenses</b>	<b>\$ 1,982,308</b>	<b>\$ 849,565</b>	<b>\$ 572,250</b>	<b>\$ 613,147</b>	<b>\$ 210,848</b>	<b>\$ 189,581</b>	<b>\$ 4,417,699</b>	<b>\$ 444,646</b>	<b>\$ 403,011</b>	<b>\$ 847,657</b>	<b>\$ 5,265,356</b>

See Accompanying Notes

Institute for Policy Studies

Statement of Functional Expenses

For the year ended December 31, 2023

	Programs						Supporting Services			Total	
	New Economy	Common Security	Affiliates	Communications	Special IPS Projects	Next Leaders	Total Program	General and	Total Supporting Services		
								Administrative			Fundraising
Salaries, taxes & benefits	\$ 897,214	\$ 506,683	\$ 147,173	\$ 367,711	\$ 124,568	\$ -	\$ 2,043,349	\$ 672,929	\$ 137,349	\$ 810,278	\$ 2,853,627
Consultants	301,181	51,215	310,000	4,395	-	78,420	745,211	1,538	61,521	63,059	808,270
Rent	3,315	-	-	-	-	-	3,315	280,361	-	280,361	283,676
Accounting & auditing	-	-	-	-	-	-	-	151,798	-	151,798	151,798
Travel & meals	28,832	73,395	-	1,699	992	-	104,918	584	10,761	11,345	116,263
Subgrants	52,955	-	-	-	28,800	-	81,755	-	1,000	1,000	82,755
Website/database	2,440	32	-	813	-	79	3,364	178	70,772	70,950	74,314
IT expenses and computers	540	849	2,812	9,503	-	120	13,824	52,322	668	52,990	66,814
Telecommunications	7,679	3,168	-	3,597	1,617	-	16,061	32,358	1,617	33,975	50,036
Depreciation and amortization	450	-	-	-	-	-	450	48,360	-	48,360	48,810
Insurance - general	-	1,765	-	-	-	-	1,765	28,826	-	28,826	30,591
Catering & meeting	-	107	-	-	7,416	-	7,523	447	19,173	19,620	27,143
Equipment rental/lease	-	-	-	-	-	-	-	20,372	945	21,317	21,317
Legal fees	-	-	-	-	-	-	-	18,326	-	18,326	18,326
Printing and copying	-	-	3,240	470	-	-	3,710	435	4,421	4,856	8,566
Office supplies	2,162	-	-	-	-	-	2,162	5,774	307	6,081	8,243
Other operating expenses	48,031	1,569	-	14,646	629	-	64,875	30,078	17,280	47,358	112,233
G&A allocation	451,751	232,143	61,288	126,631	42,898	30,000	944,711	(992,011)	47,300	(944,711)	-
<b>Total expenses</b>	<b>\$ 1,796,550</b>	<b>\$ 870,926</b>	<b>\$ 524,513</b>	<b>\$ 529,465</b>	<b>\$ 206,920</b>	<b>\$ 108,619</b>	<b>\$ 4,036,993</b>	<b>\$ 352,675</b>	<b>\$ 373,114</b>	<b>\$ 725,789</b>	<b>\$ 4,762,782</b>

See Accompanying Notes

## Institute for Policy Studies

### Statements of Cash Flows

For the years ended December 31	2024	2023
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 574,369	\$ 549,760
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net unrealized and realized gains on investments	(472,651)	(1,004,778)
Depreciation and amortization	57,293	48,810
Adjustments to right of use assets - operating leases	273,229	238,449
Change in value of split-interest agreements	7,137	9,517
Donated securities	(25,357)	(33,039)
(Increase) decrease in:		
Contributions and grants receivable	(464,674)	776,118
Other receivables	1,200	1,200
Prepaid expenses and deposits	(3,731)	55,932
Increase (decrease) in:		
Accounts payable	(15,011)	(131,577)
Due to related party	-	(247,500)
Accrued expenses	49,058	16,248
Annuity liability	(13,365)	(13,755)
Operating lease liabilities	(375,610)	(350,974)
Other liabilities	-	(3,000)
<b>Net cash used in operating activities</b>	<b>(408,113)</b>	<b>(88,589)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(30,000)	(21,800)
Purchase of investments	(1,378,161)	(636,606)
Proceeds from sale of investments	1,425,853	1,274,472
<b>Net cash provided by investing activities</b>	<b>17,692</b>	<b>616,066</b>
<b>Cash flows from financing activities:</b>		
Payments made on Paycheck Protection Program loan	-	(502,288)
Net increase (decrease) in cash and cash equivalents	(390,421)	25,189
Cash and cash equivalents - beginning	3,004,554	2,979,365
<b>Cash and cash equivalents - ending</b>	<b>\$ 2,614,133</b>	<b>\$ 3,004,554</b>

#### Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Interest	\$ 655	\$ 27

See Accompanying Notes

**Institute for Policy Studies**  
**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 1: Summary of significant accounting policies:**

Institute for Policy Studies (the "Institute"), founded in 1963, is a transnational center for research, education, and social invention. The Institute sponsors critical examination of the assumptions and policies that define America's posture on domestic and international issues and offers alternative strategies and visions. Areas of focus include domestic policy, national security, international economics, and human rights. A tax-exempt, nonprofit organization that accepts no government funds, the Institute guards the freedom of its scholars to be both critical and creative.

The work of the Institute reflects the realization that the social and political problems facing the United States - militarism, environmental decay, and economic injustice - are all part of a larger global context. In an effort to seek alternatives to these problems, in 1973, the Institute established its international program, which addresses the fundamental disparity between the rich and poor and nations of the world, investigates its causes and develops alternatives for its remedy. The activities of the Institute are funded primarily through contributions and grants from other organizations and foundations.

Basis of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenue is recognized when earned and expenses when the obligation is incurred.

Cash and cash equivalents - Cash and cash equivalents consist of monies held in demand deposit accounts and highly liquid investments with initial maturity dates of three months or less.

Contributions and grants receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in contributions and grants revenue in the accompanying statements of activities and changes in net assets. The Institute uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on management's analysis of specific contributions. As a result, it is possible that the Institute's estimate of the carrying amount of contributions and grants receivable could change in the near term. As of December 31, 2024 and 2023, all receivables are considered collectible and management has determined that an allowance for credit losses is not necessary.

**Institute for Policy Studies**  
**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 1: Summary of significant accounting policies: (continued)**

Investments - Investments consist of equity securities, government securities, corporate fixed income, municipal bonds, and mutual funds. Investments are recorded in the financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest, dividends, and realized and unrealized gains or losses are recorded as investment income when earned.

Corporate fixed income securities are classified within level 2 of the fair value hierarchy. The Institute determines their fair value based on quoted market prices as recorded by their third-party broker.

Property and equipment - Property and equipment over \$1,000 with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the lesser of the lease term and their estimated useful lives. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and any gain or loss is reflected in income or expense in the accompanying statements of activities and changes in net assets. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Gift annuities - The Institute has received irrevocable gift annuities from several donors. The donors give the Institute a cash contribution and, in return, the Institute agrees to make payments to the donor for the remaining life of the donor or the donor's designated beneficiary. A liability is recorded in the accompanying statements of financial position at the present value of the expected future payments owed by the Institute under these agreements based on current rates in the Internal Revenue Service's actuarial tables for annuities. Actuarial gains or losses resulting from changes in assumptions used to calculate the liability for the present value of future annuity payments are recorded as increases or decreases in the respective net asset class on the accompanying statements of activities and changes in net assets. Upon the donor's death, the remaining liability is eliminated and recognized as revenue.

Net assets - In the accompanying financial statements, net assets and revenue have been classified based on the existence or absence of donor-imposed restrictions. The classes of net assets are as follows:

Net assets without donor restrictions - Net assets without donor restrictions consist of amounts available for use in general operations.

**Institute for Policy Studies**  
**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 1: Summary of significant accounting policies: (continued)**

Net assets (continued) -

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounting for uncertainty in income taxes - The Institute accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax effect is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for uncertain tax positions. Interest and penalties, if any, are accrued as a component of general and administrative expenses when assessed. The Institute is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Similar to other tax-exempt organizations, the Institute is subject to tax on unrelated business income. Tax years prior to 2021 are no longer subject to examination by taxing authorities.

During the years ended December 31, 2024 and 2023, the Institute did not have net taxable income from unrelated business activities; therefore, there is no provision in these financial statements for income taxes or interest and penalties related to unrecognized tax benefits.

Revenue recognition - In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries under GAAP including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers under a contract in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in Topic 606 requires comprehensive disclosures to help users of the financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. In 2020, the Institute adopted ASU 2014-09 applying the retrospective method to all periods presented, which had no impact on previously reported changes in net assets.

**Institute for Policy Studies**  
**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 1: Summary of significant accounting policies: (continued)**

Revenue recognition (continued) - Unconditional contributions and grants are recognized as revenue when received or promised and are reported as donor-restricted support if they are received with donor or grantor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets. Conditional contributions and grants are not recognized as revenue until the conditions are substantially met. Contribution revenue from charitable gift annuities is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors or other beneficiaries. The present value of payments to beneficiaries of charitable gift annuities is calculated using discount rates, which represent the risk-free rates in existence at the date of the gift. Gains or losses resulting from changes in assumptions used to calculate the discount are recorded as change in value of split-interest agreements in the accompanying statements of activities and changes in net assets. Revenue from all other sources is recognized when earned.

Revenue disaggregation - In accordance with ASU 2014-09, the Institute disaggregates revenue from contracts with customers into major revenue streams and the timing of recognizing revenue. Revenue generated from rent is recognized over the performance obligation period, while the revenue generated from contributions and grants, special events, royalties and contracts is recognized when the contribution and grant, event, royalty payment, or contract occurs.

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

Concentrations of credit risks - The Institute invests in various investment securities. Investment securities are exposed to various risks such as changes in interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The Institute maintains its cash balances at multiple financial institutions. The accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At various times throughout fiscal year 2024, cash balances at these institutions exceeded the federally insured limits. The Institute has not experienced any losses with respect to its cash balances.

**Institute for Policy Studies**  
**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 1: Summary of significant accounting policies: (continued)**

Fair value measurements - The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

Level 2 - inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement 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.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Functional allocation of expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited based on management's estimate of shared costs.

**Institute for Policy Studies**  
**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 1: Summary of significant accounting policies:** (continued)

Leases - In February 2016, the FASB issued Accounting Standards Update 2016-02, ASC Topic 842, *Leases*, which is a leasing standard for both lessees and lessors. The standard changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statements of financial position and disclosing key information about leasing arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. GAAP. The Institute applied a modified retrospective approach with an effective date of January 1, 2022.

Credit Losses - On January 1, 2023, the Institute adopted ASU 2016-13 Financial Instruments – Credit Losses (topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under CECL methodology is applicable to financial assets measured at amortized costs, including loan receivables and held-to-maturity debt securities. The Institute adopted ASC 326 using the modified method for all financial assets measured at amortized costs. The Institute has analyzed its financial assets and deemed that no adjustment is necessary. Therefore, total net assets and changes in net assets are unchanged due to the adoption of this new standard. The Institute will continue to analyze their financial assets for expected credit loss under this new standard.

**Note 2: Liquidity and availability:**

The following reflects the Institute's financial assets on December 31, 2024 and 2023, respectively, reduced by amounts that are not available for general use because of future time and purpose restrictions within one year of the statement of financial position date.

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 2,614,133	\$ 3,004,554
Contributions, grants, and other receivables	1,306,648	843,174
Investments	7,493,507	7,043,191
	11,414,288	10,890,919
Less those unavailable for general expenditure within one year, due to:		
Amounts designated for future time and purpose restrictions	(9,494,223)	(8,659,629)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,920,065	\$ 2,231,290

**Institute for Policy Studies**  
**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 2: Liquidity and availability:** (continued)

As part of its liquidity management plan, the Institute manages its operations within a balanced budget. Net assets with donor restrictions consist of cash received and pledges to be used for programmatic expenditures in the coming fiscal years.

The Institute relies on foundations and individual donors to provide the resources to support a majority of the operating activity. The Institute has sufficient liquid assets to support approximately four months of operating expenses.

**Note 3: Contributions and grants receivable:**

Contributions and grants receivable is comprised of unconditional promises to give and is receivable as follows at December 31:

	2024	2023
Receivable in less than one year	\$ 856,610	\$ 441,936
Receivable in one to five years	450,000	400,000
Total contributions and grants receivable	1,306,610	841,936
Less: discount on contributions and grants receivable	-	-
	\$ 1,306,610	\$ 841,936

**Note 4: Investments:**

The Institute's investments consist of the following at December 31:

	2024	2023
Equity securities	\$ 4,254,861	\$ 4,078,255
Government securities	3,127,815	2,863,194
Corporate fixed income	110,831	101,742
Total investments	\$ 7,493,507	\$ 7,043,191

**Institute for Policy Studies**  
**Notes to Financial Statements**

**December 31, 2024 and 2023**

**Note 4: Investments:** (continued)

Investment income consists of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 166,908	\$ 116,145
Realized/unrealized gain, net of investment expenses	<u>412,609</u>	<u>956,021</u>
Total investment income	<u>\$ 579,517</u>	<u>\$ 1,072,166</u>

**Note 5: Fair value measurement:**

The following tables summarize the Institute's investments which are measured at fair value on a recurring basis, aggregated by type and the fair value hierarchy level under which those measurements were made.

December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Equity securities	\$ 4,254,861	\$ -	\$ -	\$ 4,254,861
Government securities	3,127,815	-	-	3,127,815
Corporate fixed income	<u>-</u>	<u>110,831</u>	<u>-</u>	<u>110,831</u>
Total fair value	<u>\$ 7,382,676</u>	<u>\$ 110,831</u>	<u>\$ -</u>	<u>\$ 7,493,507</u>

December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Equity securities	\$ 4,078,255	\$ -	\$ -	\$ 4,078,255
Government securities	2,863,194	-	-	2,863,194
Corporate fixed income	<u>-</u>	<u>101,742</u>	<u>-</u>	<u>101,742</u>
Total fair value	<u>\$ 6,941,449</u>	<u>\$ 101,742</u>	<u>\$ -</u>	<u>\$ 7,043,191</u>

**Institute for Policy Studies**  
**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 6: Property and equipment:**

Property and equipment consisted of the following at December 31:

	2024	2023
Furniture and equipment	\$ 105,003	\$ 105,003
Website development	93,249	63,249
Leasehold improvements	523,900	523,900
Total property and equipment	722,152	692,152
Less: accumulated depreciation	(583,015)	(525,722)
Property and equipment, net	\$ 139,137	\$ 166,430

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was \$57,293 and \$48,810, respectively.

**Note 7: Annuity liability:**

The Institute is a beneficiary of several charitable gift annuity trusts. Under the terms of the agreements, the Institute is obligated to pay fixed quarterly amounts of \$5,500 to the original donor or designated beneficiary as long as the beneficiaries are living. The net present value of the obligation under charitable gift annuities, using actuarial tables based on the beneficiaries' expected life, amounted to \$71,071 and \$77,299 at December 31, 2024 and 2023, respectively, calculated using a discount rate of 3.2%.

**Note 8: Retirement plan:**

The Institute sponsors a 403(b) tax-deferred annuity plan for its employees. Employees are eligible to participate in the plan immediately upon commencement of employment. Participating employees may contribute a portion of their income on a tax-deferred basis and the Institute matches 100% of the employee elective deferrals up to a maximum of 5% and 4% for the years ended December 31, 2024 and 2023, respectively of each employee's compensation after the employee has completed six months of service. Employees are fully vested in the plan at the time of enrollment. Retirement plan expenses were \$59,525 and \$31,465 for the years ended December 31, 2024 and 2023, respectively.

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**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 9: Commitments:**

Operating lease - In March 2016, the Institute entered into a non-cancellable operating lease agreement for office space in Washington, DC, that expires in December 2026. Under the terms of the lease, base rent is subject to an annual increase of 2.5% over the previous year's adjusted rent. Rent expense for the years ended December 31, 2024 and 2023 was \$395,623 and \$283,676, respectively.

Operating leases are accounted for in accordance with FASB ASU 2016-02 for the years ended December 31, 2024 and 2023. As a result, the Institute recorded a lease obligation liability equal to the present value of the future payments under the terms of the lease. The lease asset and liability were calculated utilizing the risk-free discount rate of 4.00%, according to the Institute's elected policy. The Institute recorded ROU asset of \$594,113 and \$867,342 and an operating lease liability of \$830,335 and \$1,205,945 in the statement of financial position as of December 31, 2024 and 2023, respectively.

At December 31, 2024, future minimum principal payments under the operating leases are as follows:

	<u>Office Space</u>
2025	\$ 426,078
2026	436,691
Total lease payments	862,769
Less: interest	(32,434)
Present value of lease liabilities	\$ 830,335

Additional information on the Institute's lease is as follows:

	<u>2024</u>	<u>2023</u>
Lease costs:		
Operating lease costs	\$ 313,274	\$ 293,014
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 415,654	\$ 405,539
Weighted-average remaining lease term:		
Operating leases	2.0 years	3.0 years
Weighted-average discount rate:		
Operating leases	4.0%	4.0%

**Institute for Policy Studies**  
**Notes to Financial Statements**

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**December 31, 2024 and 2023**

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**Note 9: Commitments:** (continued)

The Institute entered into various office sub-lease agreements with tenants, with one-year rental terms and an option to renew on an annual basis.

Additionally, the Institute maintained two commitments for office equipment and related maintenance which require monthly payments between approximately \$600 and \$1,500. These did not meet the requirements under the new standards in accordance with FASB ASU 2016-02.

The Institute subleases a portion of its office space to other organizations. Total sublease income for the years ended December 31, 2024 and 2023 totaled \$79,200 and \$47,697, respectively.

**Institute for Policy Studies**  
**Notes to Financial Statements**

**December 31, 2024 and 2023**

**Note 10: Net assets with donor restrictions:**

Net assets with donor restrictions consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
<b>Program restrictions:</b>		
WHYNOT Initiative	\$ 1,777,641	\$ 1,638,922
Global Economy	1,775,376	1,839,000
New Mexico Fellowship	1,275,917	971,506
National Priorities Project	975,480	1,016,298
New Internationalism	944,370	954,373
Black Worker Initiative	385,265	432,515
Inequality Boston	345,342	-
Other Word PC	344,695	351,481
Global Inequality	307,094	392,322
Raskin Freedoms Fund	282,728	282,728
Christine Ahn Fellowship	156,750	-
Nuclear Waste	144,981	144,748
Henry A. Wallace Fellowship	134,162	270,000
USCAN Fossil Fuel Project	106,302	-
New Priorities Network	99,794	99,794
Michael Ratner Fellow	77,879	77,879
Poor Peoples Campaign	37,501	37,501
Saul Landau Fellow	32,696	28,000
Bridging the Divide	11,050	11,050
Transformative Change	9,084	9,084
Cultural Fellowship	6,500	-
Lessons of the 60's	5,261	5,261
Inter Press Service	4,933	4,933
#Our 100	3,422	3,422
Criminal Poverty	-	61,237
Newman Fellowship	-	27,575
	<u>9,244,223</u>	<u>8,659,629</u>
Total net assets with donor restrictions - program		
	9,244,223	8,659,629
<b>Time restriction:</b>		
Wellspring Philanthropic Fund	<u>250,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 9,494,223</u>	<u>\$ 8,659,629</u>

Net assets were released from donor restrictions by incurring expenses and satisfying the restricted purpose or other specified events was \$2,622,300 and \$2,472,058 for the years ended December 31, 2024 and 2023, respectively. There were no releases for the passage of time for either year.

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**December 31, 2024 and 2023**

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**Note 11: Conditional promises to give:**

During 2020, the Institute the Institute received a 36-month conditional grant totaling \$540,000 of restricted funds. In 2023, the same donor awarded an additional 24-month grant totaling \$330,000. Both agreements include donor conditions. Revenue is only recognized when the conditions are met. As of December 31, 2024 and 2023, \$165,000 was recorded as donor restricted contributions for both years ended.

**Note 12: Concentrations:**

For the year ended December 31, 2024, two donors account for approximately 30% of the Institute's total revenue and three donors account for approximately 88% of the Institute's total contributions and grants receivable. For the year ended December 31, 2023, two donors accounted for approximately 25% of the Institute's total revenue and two donors accounted for approximately 77% of the Institute's total contribution and grants receivable.

**Note 13: Subsequent events:**

Subsequent events have been evaluated through October 22, 2025, the date the financial statements were available to be issued.

Snyder Cohn, PC  
CPAs and Trusted Advisors  
11200 Rockville Pike, Suite 415  
North Bethesda, MD 20852  
[www.snydercohn.com](http://www.snydercohn.com)  
301-652-6700