



MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

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DECEMBER 31, 2025

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Independent Auditor's Report

Board of Trustees
Manhattan Institute for Policy Research, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of Manhattan Institute for Policy Research, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manhattan Institute for Policy Research, Inc., as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Manhattan Institute for Policy Research, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Manhattan Institute for Policy Research, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Manhattan Institute for Policy Research, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Manhattan Institute for Policy Research, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
April 27, 2026

Certified Public Accountants

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

Assets	
Cash and Cash Equivalents	\$ 13,802,547
Investment Securities	17,567,644
Unconditional Promises to Give, Net	1,779,178
Prepaid Expenses and Other Assets	1,360,373
Property and Equipment, Net	284,822
Security Deposits	257,747
Right-of-Use Operating Lease Asset	7,792,192
Right-of-Use Finance Lease Asset	23,829
	<hr/>
Total Assets	\$ 42,868,332
	<hr/> <hr/>
Liabilities and Net Assets	
Liabilities	
Accounts Payable	\$ 210,234
Accrued Salaries and Payroll Taxes	218,974
Deferred Revenue	114,603
Right-of-Use Operating Lease Liability	8,737,370
Right-of-Use Finance Lease Liability	23,855
	<hr/>
Total Liabilities	9,305,036
	<hr/>
Net Assets	
Without Donor Restrictions	28,797,927
With Donor Restrictions	4,765,369
	<hr/>
Total Net Assets	33,563,296
	<hr/>
Total Liabilities and Net Assets	\$ 42,868,332
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See accompanying Notes to Financial Statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Other Support			
Contributions	\$ 8,838,508	\$ 9,986,686	\$ 18,825,194
Special Event Revenue (Net of Costs of Donor Benefits of \$230,705)	6,155,686	-	6,155,686
Subscription Revenue, Publication Sales, Royalties, and Other	208,886	-	208,886
Donated Facilities	284,600	-	284,600
Investment Income	645,403	-	645,403
Realized Gain on Sale of Investments	1,387	-	1,387
Unrealized Gain on Investments	1,555,742	-	1,555,742
	<u>17,690,212</u>	<u>9,986,686</u>	<u>27,676,898</u>
Net Assets Released from Restrictions	<u>11,178,761</u>	<u>(11,178,761)</u>	<u>-</u>
Total Operating Revenue and Other Support	<u>28,868,973</u>	<u>(1,192,075)</u>	<u>27,676,898</u>
Operating Expenses			
Program Services			
Research, Other, and Publications	14,039,797	-	14,039,797
City Journal	4,686,224	-	4,686,224
Conferences and Seminars	2,287,461	-	2,287,461
The Adam Smith Society	815,812	-	815,812
Total Program Services	<u>21,829,295</u>	<u>-</u>	<u>21,829,295</u>
Supporting Services			
Fundraising	2,128,566	-	2,128,566
Other Supporting Services	2,329,475	-	2,329,475
Management and General	1,060,959	-	1,060,959
Total Supporting Services	<u>5,518,999</u>	<u>-</u>	<u>5,518,999</u>
Total Expenses	<u>27,348,294</u>	<u>-</u>	<u>27,348,294</u>
Change in Net Assets	1,520,679	(1,192,075)	328,604
Net Assets, Beginning of Year	<u>27,277,248</u>	<u>5,957,444</u>	<u>33,234,692</u>
Net Assets, End of Year	<u>\$ 28,797,927</u>	<u>\$ 4,765,369</u>	<u>\$ 33,563,296</u>

See accompanying Notes to Financial Statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services				Total Program Services	Supporting Services			Total Supporting Services	Total
	Research, Other, and Publications	City Journal	Conferences and Seminars	The Adam Smith Society		Fundraising	Other Supporting Services	Management and General		
Payroll, Payroll Taxes, and Employee Benefits	\$ 10,254,342	\$ 2,989,101	\$ 667,494	\$ 415,047	\$ 14,325,985	\$ 1,186,834	\$ 1,352,882	\$ 650,276	\$ 3,189,991	\$ 17,515,976
Operating Lease Expense, Utilities, and Building Maintenance	339,742	94,894	61,633	37,337	533,606	179,290	204,374	73,830	457,494	991,100
Professional Fees	1,028,990	380,904	88,596	54,644	1,553,134	218,612	249,197	90,023	557,832	2,110,966
Events, Speakers' Fees, and Internal Meetings	419,049	14,155	1,140,345	93,089	1,666,638	29,793	33,963	12,269	76,025	1,742,663
Transportation, Travel, and Business Meals	320,259	81,983	141,593	47,553	591,388	247,202	191,174	114,041	552,417	1,143,805
Equipment	516,691	166,048	45,706	25,278	753,723	76,767	87,506	31,611	195,884	949,607
Writer's Fees, Proofreaders, and Photography	162,585	394,532	93	58	557,268	230	261	94	585	557,853
Prepress and Printing	77,014	257,463	40,522	9,031	384,030	28,376	32,347	11,684	72,407	456,437
Marketing and Advertising	483,756	132,594	34,107	25,173	675,630	56,252	64,123	23,164	143,539	819,169
Research	183,937	28,864	6,548	84,132	303,481	12,896	14,699	5,467	33,062	336,543
Office Expenses	209,465	61,696	28,202	17,770	317,133	67,735	77,212	27,894	172,841	489,974
Other Operating Expenses	15,150	76,068	26,883	3,231	121,332	7,494	2,261	13,570	23,325	144,657
Depreciation and Amortization	28,817	7,922	5,739	3,469	45,947	17,085	19,476	7,036	43,597	89,544
Total	\$ 14,039,797	\$ 4,686,224	\$ 2,287,461	\$ 815,812	\$ 21,829,295	\$ 2,128,566	\$ 2,329,475	\$ 1,060,959	\$ 5,518,999	\$ 27,348,294

See accompanying Notes to Financial Statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 328,604
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation and Amortization	97,826
Realized Gain on Investments	(1,387)
Unrealized Gain on Investments	(1,555,742)
Operating Lease Expense	881,913
Proceeds from Sale of Donated Stock	795,590
<u>(Increase) Decrease in Assets</u>	
Unconditional Promises to Give	1,811,497
Prepaid Expenses and Other Assets	(609,633)
Security Deposits	(8,739)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable	(39,175)
Accrued Salaries and Payroll Taxes	(334,563)
Deferred Revenue	(84,495)
Operating Lease Liability	(805,855)
Net Cash Provided by Operating Activities	475,841
Cash Flows from Investing Activities	
Purchases of Investment Securities	(1,768,791)
Proceeds from Sales of Investment Securities	876,245
Net Cash Used in Investing Activities	(892,546)
Cash Flows from Financing Activities	
Principal Payments on Finance Lease Liability	(8,174)
Net Decrease in Cash and Cash Equivalents	(424,879)
Cash and Cash Equivalents, Beginning of Year	14,227,426
Cash and Cash Equivalents, End of Year	\$ 13,802,547
Noncash Transactions from Investing and Financing Activities	
Establishment of Right-of-Use Finance Lease Asset	\$ 27,392
Establishment of Finance Lease Liability	27,392

See accompanying Notes to Financial Statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. NATURE OF OPERATIONS

Manhattan Institute for Policy Research, Inc. (the Institute), was incorporated as a charitable organization under the provisions of the Not-for-Profit Corporation Law of the State of New York in 1977. The Institute is a community of scholars, journalists, activists, and civic leaders dedicated to advancing opportunity, individual liberty, and the rule of law in America and its great cities.

The Institute adheres to the New York Prudent Management of Institutional Funds Act, and the New York State Non-Profit Revitalization Act of 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of Presentation

Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

- *Net Assets Without Donor Restrictions* represent the portion of expendable funds that are available for support of the general operations of the Institute.
- *Net Assets With Donor Restrictions* are comprised of (1) amounts restricted by donors for various programs or future periods and (2) funds in which the gift is to be held in perpetuity and only the investment earnings may be expended for the purposes designated by the donors.

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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Institute considers all short-term investments funds that can readily be converted into cash to be cash equivalents.

Investments

The Institute's investments are stated 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. See Note 4 for discussion of fair value measurements.

Investment income is reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is with donor restrictions. Investment income includes interest and dividends earned on investments. Realized and unrealized gains and losses on investments reported at fair value are reported as a separate line item in the accompanying statement of activities.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Assets and Facilities

Donated stock and other noncash donations, including donated facilities, are recorded as contributions at their fair values at the dates of donation. Contributions of securities are recorded at the net proceeds received because such securities are usually disposed of upon receipt. For the year ended December 31, 2025, donated stock and other noncash donations totaled \$610,325.

The Institute's policy related to donated facilities is to utilize the assets given to carry out the mission of the Institute. All donated facilities received by the Institute for the year ended December 31, 2025, were considered without donor restrictions and available for use by the Institute as determined by the board of trustees and management. For the year ended December 31, 2025, the value of donated facilities for staff events included as revenue and expense in the financial statements totaled \$284,600.

Promises to Give

Grants and unconditional contributions that are expected to be collected in the future are recorded as pledges receivable when the promises are made. Unconditional pledge receivables that are expected to be collected within one year are reported at their net realizable value. Unconditional pledge receivables that are expected to be collected beyond one year are reported at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the period over which the promises are to be received.

Pledges receivable are recorded at net realizable value. Pledges receivable that are past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against an allowance account. Management adjusts the allowance account annually based upon its estimate of those receivables determined to be uncollectible.

As of December 31, 2025, there is no allowance for uncollectible receivables. As of December 31, 2025, the Institute held conditional contributions with unpaid balances of approximately \$2 million. These contributions will be recorded as revenue when the conditions are met.

Property and Equipment

Property and equipment purchases are recorded at cost, if purchased, and at fair market value at the date of donation, if contributed and depreciated on a straight-line basis over the estimated useful lives of the respective assets. Major additions and improvements are capitalized if over \$10,000, while replacements, maintenance, and repairs that do not improve or extend the lives of the assets are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is reflected in revenue and support or expenses in the accompanying statement of activities. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated lives of the related assets or the remaining lease term.

Deferred Revenue

Subscription revenue collected in advance is deferred and recognized as revenue over the applicable subscription term. The balance of deferred subscription revenue as of January 1, 2025, was approximately \$199,000.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue (Continued)

Event ticket sales revenue collected in advance is deferred and recognized as revenue in the period in which the event is held.

Revenue Recognition

- Contributions - Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a 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 statement of activities as net assets released from purpose restrictions.
- Special Events - The Institute holds its annual Alexander Hamilton Awards Dinner to honor individuals whose lives personify the ideals of Alexander Hamilton: individual initiative, a principled belief in economic freedom, and equal opportunity for all. Special event revenue is primarily derived from donations and sponsorships related to the awards dinner. Donations and sponsorships for special events are recognized when pledged and/or received. Ticket sales for special events are recognized in the period the event is held.
- Subscription Revenue and Publications Sales - Proceeds from subscriptions to *City Journal* magazine, which are considered exchange revenues, are recorded as deferred special event revenue when received, then recognized as income over the term of the subscription. Sales of books and publications are recognized as income when products are distributed.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll, Payroll Taxes, and Employee Benefits	Time and Effort
Operating Lease Expense, Utilities, and Building Maintenance	Time and Effort
Professional Fees	Time and Effort
Events, Speakers' Fees, and Internal Meetings	Time and Effort
Equipment	Time and Effort
Writer's Fees, Proofreaders, and Photography	Time and Effort
Prepress and Printing	Time and Effort
Marketing and Advertising	Time and Effort
Research	Time and Effort
Office Expenses	Time and Effort
Depreciation and Amortization	Time and Effort

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing and Advertising Costs

The Institute expenses marketing and advertising costs as incurred. During the year ended December 31, 2025, marketing and advertising expenses amounted to \$819,169.

Right-of-Use Assets and Lease Liabilities

The Institute recognizes right-of-use (ROU) assets and lease liabilities in the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring the Institute's right-of-use assets and lease liabilities. Operating lease expense and finance lease amortization expense is allocated over the remaining lease term on a straight-line basis. Finance lease interest expense is calculated using a risk-free rate that approximates the remaining term of the lease multiplied by the outstanding finance lease liability.

The Institute considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, the Institute does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

3. LIQUIDITY AND AVAILABLE RESOURCES

As part of the Institute's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Institute invests cash in excess of routine requirements in short-term investments, and to help manage unanticipated liquidity needs, the Institute could draw on its investments.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

3. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)

The following reflects the Institute's financial assets as of December 31, 2025, reduced by amounts not available for general operating expenditure within one year:

Financial Assets, End of Year

Cash and Cash Equivalents	\$ 13,802,547
Investment Securities	17,567,644
Unconditional Promises to Give, Expected to be Collected	
Within One Year	1,102,718
Less Net Assets With Restrictions	<u>(4,065,369)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 28,407,540</u>

4. INVESTMENTS

Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability and a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to assumptions (unobservable inputs). The Institute groups assets at fair value in three levels, based on the markets in which the assets are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 - unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2025, the Institute's investments were measured at fair value on a recurring basis.

Methodologies

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2025.

Hedge Funds Methodology

The hedge funds are valued at the net asset value (NAV) of units of the hedge funds. The NAV, as provided by each hedge fund, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

4. INVESTMENTS (CONTINUED)

Methodologies (Continued)

Hedge Funds Methodology (Continued)

This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Were the Institute to initiate a full redemption of the hedge fund, the investment adviser reserves the right to temporarily delay withdrawal from the hedge fund in order to ensure that securities liquidations will be carried out in an orderly business manner.

Limited Partnerships Methodology

The limited partnership interests are valued at the net asset value (NAV) of units of the limited partnerships. The NAV, as provided by the general partner or trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the limited partnership less its liabilities.

This practical expedient is not used when it is determined to be probable that the limited partnership will sell the investment for an amount different than the reported NAV. Were the Institute to initiate a full redemption of the limited partnership interests, the investment adviser reserves the right to temporarily delay withdrawal from the limited partnership in order to ensure that securities liquidations will be carried out in an orderly business manner.

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

The following table summarizes the Institute's investments, which are the only assets held by the Institute measured at fair value on a recurring basis as of December 31, 2025:

	Total Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments Measured in the Fair Value Hierarchy	\$ -	\$ -	\$ -	\$ -
Investments Measured at Net Asset Value (NAV)				
Hedge Funds	14,049,574	-	-	-
Limited Partnerships	3,518,070	-	-	-
Total Investments	<u>\$ 17,567,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Certain investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

4. INVESTMENTS (CONTINUED)

Investment Objectives

The investment objectives of each of the hedge funds and limited partnerships (LPs) the Institute has invested in are as follows:

Hedge Funds Objective

The Capital Appreciation Fund is a multi-strategy fund with an event-driven focus, seeking to exploit situations in which announced or anticipated events create opportunities to invest in securities and other financial instruments at a discount to their exit values. The fund effects this strategy primarily by investing in: (i) securities and financial instruments of issuers that are (or are perceived to be) experiencing financial distress or are overleveraged, are attempting to complete an out-of-court restructuring, are involved in a bankruptcy or similar proceeding and/or are involved in substantial litigation, (ii) mergers and acquisitions (or “risk”) arbitrage situations where issuers are the subject of proposed changes in corporate structure or control, such as tender or exchange offers, mergers, unsolicited merger proposals, spin-offs, split-offs, liquidations and recapitalizations, and (iii) convertible arbitrage situations that attempt to extract value from the options “embedded” in convertible securities when such options appear mispriced relative to similar stand-alone options or historical volatility levels.

The fund also invests in a long/short equities portfolio of securities that can be readily valued and trade at a discount or premium to the fair value of the underlying assets. Investment in the fund is redeemable on the last business day of any calendar quarter without any redemption charge, or on the last day of any other month, subject to a redemption charge equal to 1.5% of the proceeds. Redemption requires 60 days’ written notice. There are no unfunded commitments.

The Multi-Strategy Hedge Fund seeks to produce returns substantially in excess of those derived from risk-free investments, without a substantial increase in overall risk. The principal strategy of the fund is to identify and exploit inefficiencies in the global financial markets while minimizing exposure to market risk through hedging and other investment strategies that are generally intended not to be market sensitive. Investment in the fund is redeemable annually on March 31 of every year with 60 days’ notice provided. The Institute would be subject to a redemption fee if redeeming within three years from the date of purchase. There are no unfunded commitments.

Limited Partnerships Objective

Private Investment Fund - trades in a wide range of United States and non-United States equity and debt securities and other financial and investment interests, instruments, and property. Its principal objective is to generate a return which is as high as is consistent with a goal of minimizing losses during adverse financial market periods. Investment in the Private Investment Fund is redeemable on January 1, April 1, July 1, or October 1, with at least 60 days’ notice provided, capped at 25% every other quarter. There are no unfunded commitments.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

5. UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2025, unconditional promises to give are as follows:

Within One Year	\$ 1,102,718
One to Five Years	<u>700,000</u>
Unconditional Promises to Give	1,802,718
Less Discount to Present Value	<u>(23,540)</u>
Unconditional Promises to Give, Net	<u><u>\$ 1,779,178</u></u>

The calculated discount for long-term unconditional promises to give is 3.48%, the one-year Treasury rate as of December 31, 2025.

6. PROPERTY AND EQUIPMENT

Property and equipment, stated at cost, consist of the following for the year ended December 31, 2025:

Furniture, Fixtures, and Equipment	\$ 1,449,686
Leasehold Improvements	<u>516,771</u>
Total Property and Equipment	1,966,457
Less Accumulated Depreciation and Amortization	<u>(1,681,635)</u>
Property and Equipment, Net	<u><u>\$ 284,822</u></u>

7. RELATED PARTIES

During the year ended December 31, 2025, contributions received by the Institute from members of the Board of Trustees totaled \$9,566,035. These contributions represent approximately 39% of total contributions for the year ended December 31, 2025.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include the unexpended portion of restricted contributions received, commitments from donors for amounts not yet received, and a donor-restricted endowment fund.

Net assets with donor restrictions as of December 31, 2025, consisted of the following:

Description	Amount
Education	\$ 30,895
City Journal	965,512
Economics, Energy, Healthcare	313,421
Policing and Public Safety	33,597
Culture and Society	1,653,944
Time Restricted	<u>1,768,000</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 4,765,369</u></u>

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

8. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions consist of expended restricted contributions for the donor-imposed purposes or receipts on commitments from donors. These net assets were released during the year ended December 31, 2025, as follows:

Description	Amount
Research & Publications	\$ 57,233
Education	482,921
Cities	41,008
City Journal	1,844,772
Seminars and Conferences	2,500
Center for Legal Policy	500,916
Economics, Energy, Healthcare	1,481,579
Policing and Public Safety	216,404
Culture and Society	3,359,428
Outreach and Audience Building	2,000,000
External Affairs	32,000
Adam Smith Society	265,000
Time Restricted	895,000
Total Releases	<u>\$ 11,178,761</u>

9. LEASES

Operating Lease

In January 2021, the Institute exercised an extension on an existing non-cancelable office space lease agreement. The lease originally commenced in May 2011, and originally expired in May 2021, but was extended to expire April 30, 2037. The terms of the lease agreement provide for an eight-month rent abatement at the first, second, third, fourth, twenty-fifth, twenty-sixth, thirty-seventh and thirty-eighth month of the lease. ASU 2016-02, *Leases* (Topic 842) was adopted effective October 1, 2022. The calculation of the related right-of-use asset and lease liability, which are presented in the statement of financial position as of December 31, 2025, uses a federal risk-free rate of 3.95%.

The lease requires a security deposit of \$249,008, which is refundable and therefore not included in the calculation for ASU 2016-02, and is included in the accompanying statement of financial position as of December 31, 2025.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

9. LEASES (CONTINUED)

Operating Lease (Continued)

Maturity of the operating lease liability as of December 31, 2025, is as follows:

For the Years Ending December 31,

2026	\$ 832,324
2027	871,623
2028	886,877
2029	902,397
2030	918,189
Thereafter	6,528,786
Total Undiscounted Minimum Lease Payments	10,940,196
Less Discount to Present Value	(2,202,826)
Total Operating Lease Liability	\$ 8,737,370

The supplementary qualitative operating lease information is as follows:

Supplementary Qualitative Operating Lease Information

Weighted-Average Remaining Lease Term	11.33 Years
Weighted-Average Discount Rate	3.95%

Total operating lease expense for the year ended December 31, 2025, was \$881,913.

Finance Leases

The Institute had a non-cancelable finance lease for office equipment that expired in July 2025. Amortization expense on the right-of-use finance lease asset for the year ended December 31, 2025, totaled \$4,437. Interest expense on the finance lease liability totaled \$41 for the year ended December 31, 2025.

In 2025, the Institute entered into a new finance lease for office equipment that commenced in July 2025 and expires in August 2028, at which time the Institute recognized a right-of-use asset and a corresponding lease liability of \$27,392. The finance right-of-use asset totaled \$23,829 as of December 31, 2025.

Amortization expense on the right-of-use finance lease asset for the year ended December 31, 2025, totaled \$4,565. The accumulated amortization on the finance right-of-use asset was \$4,566 as of December 31, 2025. Interest expense on the finance lease liability totaled \$511 for the year ended December 31, 2025.

Maturity of the finance lease liability as of December 31, 2025, is as follows:

For the Years Ending December 31,

2026	\$ 9,720
2027	9,720
2028	5,670
Total Undiscounted Minimum Lease Payments	25,110
Less Discount to Present Value	(1,255)
Total Operating Lease Liability	\$ 23,855

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

9. LEASES (CONTINUED)

Finance Leases (Continued)

The supplementary qualitative finance lease information is as follows:

Supplementary Qualitative Finance Lease Information

Weighted-Average Remaining Lease Term	2.58 Years
Weighted-Average Discount Rate	3.89%

10. 401K RETIREMENT PLAN

Effective January 1, 2022, The Institute has contracted with a third party to serve as Plan Sponsor for a Safe Harbor 401k Retirement Plan (the Plan) covering eligible employees at least 18 years of age. Participation in the Plan by employees is voluntary and all contributions are vested 100% immediately. The Safe Harbor matching contribution will be 100% of a participant's eligible elective deferrals for the plan year up to 4% of a participant's compensation for the plan year. Additionally, at the plan management's discretion, an additional 4% profit sharing employer contribution may be made.

For the year ended December 31, 2025, total employer contributions to the Plan, including matching contributions and profit sharing, totaled \$453,705.

11. RISKS AND UNCERTAINTIES

The Institute maintains its cash balances at major money center financial institutions. Balances fluctuate during the year and may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. The Institute has not experienced any losses in such accounts and management does not anticipate nonperformance by the financial institutions.

The Institute invests in various investment securities. Investment securities are exposed to various risks such as interest rate, 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 Institute's statement of financial position.

The Institute has 41% of its assets invested in hedge funds and limited partnerships investments as of December 31, 2025. As described further in Note 4, these investments are presented at fair value based upon net asset value (NAV) as provided by the hedge funds and general partners or trustees of the limited partnerships.

These values include investments that have been estimated using inputs that are unobservable for the investments. Such estimated values may not necessarily represent amounts that will be ultimately realized in the near term through distribution, sale, or liquidation of the investments.

As of December 31, 2025, approximately 77% of unconditional promises to give were due from two donors.

NOTES TO FINANCIAL STATEMENTS
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12. INCOME TAXES

The Institute has been determined by the IRS to be exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code (the IRC) and has been classified as a publicly supported organization as described in Section 509(a)(1) of the IRC. Accordingly, contributions to the Institute entitle donors to the maximum charitable contribution deduction allowed under the IRC.

The Institute follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board Accounting Standard Codification Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Institute performed an evaluation of uncertain tax positions for the year ended December 31, 2025, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status.

The Institute files an annual Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service (IRS). As of December 31, 2025, the Institute's Form 990s for the years 2023 through 2025 remain eligible for examination by the IRS. It is the Institute's policy to recognize interest and/or penalties related to uncertain tax positions, if any, as income tax expense. As of December 31, 2025, the Institute had no accruals for interest and/or penalties.

13. COMMITMENTS

Future Events

The Institute has entered into a contract with a vendor for future scheduled events. If the Institute terminates the contract within a certain period prior to the scheduled events, the Institute would be responsible for certain fees. Management does not currently anticipate cancellation of these events.

Line of Credit

The Institute has a line of credit with a bank in the amount of \$2,000,000. The interest rate to be applied to the unpaid principal balance on the basis of actual number of days elapsed in a year of 360 days at the Adjusted SOFR rate (Note rate) and at the rate of 3% per annum above the Note rate, at the bank's option, upon the occurrence of any default under the note, whether or not the bank elects to accelerate the maturity of the note, from the date such increased rate is imposed by the bank. The line is collateralized by the assets of the Institute.

As of December 31, 2025, and through the date of this report, the Institute has not drawn against this line of credit.

14. SUBSEQUENT EVENTS

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through April 27, 2026, the date the financial statements were available to be issued. There were no subsequent events that required recognition of, or disclosure in, the financial statements.