

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.

Financial Statements

June 30, 2019 and 2018

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To the Board of Directors  
James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc.  
Durham, North Carolina

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc. ("The Hunt Institute"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Hunt Institute as of June 30, 2019 and 2018, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Raleigh, North Carolina  
October 29, 2019

**Raleigh**  
4060 Barrett Drive  
Post Office Box 17806  
Raleigh, North Carolina 27619

919 782 9265  
919 783 8937 FAX

**Durham**  
3500 Westgate Drive  
Suite 203  
Durham, North Carolina 27707

919 354 2584  
919 489 8183 FAX

**Pittsboro**  
579 West Street  
Post Office Box 1399  
Pittsboro, North Carolina 27312

919 542 6000  
919 542 5764 FAX

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Statements of Financial Position  
June 30, 2019 and 2018

ASSETS		2019	2018
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$	975,643	\$ 1,727,208
Investments		4,644,714	3,087,582
Grants Receivable, Net of Allowance		2,694,014	902,883
Other Receivables		47,250	28,182
Prepaid Expenses		14,115	25,948
Total Current Assets	\$	8,375,736	\$ 5,771,803
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	\$	55,953	\$ 2,161
Accrued Expenses		215,907	134,555
Total Current Liabilities		271,860	136,716
<b>NET ASSETS:</b>			
Without Donor Restrictions		2,778,319	2,127,861
With Donor Restrictions		5,325,557	3,507,226
Total Net Assets		8,103,876	5,635,087
Total Liabilities and Net Assets	\$	8,375,736	\$ 5,771,803

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

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:						
Grants	\$ 100	\$ 4,405,959	\$ 4,406,059	\$	\$ 4,198,625	\$ 4,198,625
Corporate Contributions	270,500		270,500	80,000	5,000	85,000
Investment Income	309,761	27,345	337,106	32,517	1,756	34,273
Service Revenue	50,784		50,784	25,883		25,883
Individual Contributions	16,770		16,770	23,250		23,250
Miscellaneous	4,865		4,865			
In-Kind Services	450		450	1,281		1,281
Total Revenues	<u>653,230</u>	<u>4,433,304</u>	<u>5,086,534</u>	<u>162,931</u>	<u>4,205,381</u>	<u>4,368,312</u>
Net Assets Released from Restrictions	<u>2,614,973</u>	<u>(2,614,973)</u>		<u>1,963,220</u>	<u>(1,963,220)</u>	
Total Revenues and Restriction Releases	<u>3,268,203</u>	<u>1,818,331</u>	<u>5,086,534</u>	<u>2,126,151</u>	<u>2,242,161</u>	<u>4,368,312</u>
EXPENSES:						
Program Services:						
Hunt-Kean Leadership Fellows	740,985		740,985	903,754		903,754
State Engagement	864,046		864,046	477,198		477,198
Cross-State Team Engagement	684,877		684,877	307,793		307,793
Other Programs	65,799		65,799	172,137		172,137
Total Program Services	<u>2,355,707</u>		<u>2,355,707</u>	<u>1,860,882</u>		<u>1,860,882</u>
Support Services:						
General and Administrative	262,038		262,038	337,926		337,926
Total Expenses	<u>2,617,745</u>		<u>2,617,745</u>	<u>2,198,808</u>		<u>2,198,808</u>
CHANGE IN NET ASSETS	650,458	1,818,331	2,468,789	(72,657)	2,242,161	2,169,504
NET ASSETS--Beginning of Year	<u>2,127,861</u>	<u>3,507,226</u>	<u>5,635,087</u>	<u>2,200,518</u>	<u>1,265,065</u>	<u>3,465,583</u>
NET ASSETS--End of Year	<u>\$ 2,778,319</u>	<u>\$ 5,325,557</u>	<u>\$ 8,103,876</u>	<u>\$ 2,127,861</u>	<u>\$ 3,507,226</u>	<u>\$ 5,635,087</u>

The accompanying notes are an integral part of the financial statements

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services				Total	General and Administrative	Total Expenses
	Hunt-Kean Leadership Fellows	State Engagement	Cross-State Team Engagement	Other Programs			
Personnel Costs	\$ 374,677	\$ 526,466	\$ 224,862	\$ 54,985	\$ 1,180,990	\$ 165,107	\$ 1,346,097
Convening	159,923	107,416	228,874	628	496,841		496,841
Travel	96,419	36,439	110,294	1,210	244,362	20,525	264,887
Consultants	40,840	79,671	52,978	167	173,656	24,659	198,315
Occupancy	33,142	52,618	19,786	4,376	109,922	17,686	127,608
Equipment	17,434	19,408	34,015	308	71,165	1,150	72,315
Communications and Information Technology	9,583	15,250	5,730	1,269	31,832	5,034	36,866
Materials and Supplies	7,227	15,715	5,247	1,834	30,023	2,715	32,738
Professional Fees						15,529	15,529
Miscellaneous		8,299	2,059		10,358	3,354	13,712
Copying and Printing	1,740	2,764	1,032	1,022	6,558	961	7,519
Insurance						5,318	5,318
Total Expenses	<u>\$ 740,985</u>	<u>\$ 864,046</u>	<u>\$ 684,877</u>	<u>\$ 65,799</u>	<u>\$ 2,355,707</u>	<u>\$ 262,038</u>	<u>\$ 2,617,745</u>

The accompanying notes are an integral part of the financial statements

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Statement of Functional Expenses  
For the Year Ended June 30, 2018

	Program Services				Total	General and Administrative	Total Expenses
	Hunt-Kean Leadership Fellows	State Engagement	Cross-State Team Engagement	Other Programs			
Personnel Costs	\$ 503,920	\$ 262,773	\$ 197,340	\$ 147,960	\$ 1,111,993	\$ 222,747	\$ 1,334,740
Convening	148,306	85,200	29,259	499	263,264		263,264
Travel	91,027	39,385	21,517	1,328	153,257	18,230	171,487
Consultants	96,718	50,841	28,921	2,090	178,570	13,019	191,589
Occupancy	38,882	24,184	18,162	13,617	94,845	13,161	108,006
Equipment	4,153	12	9	7	4,181		4,181
Communications and Information Technology	10,327	6,155	4,622	4,197	25,301	4,116	29,417
Materials and Supplies	8,740	5,313	6,658	1,903	22,614	18,497	41,111
Professional Fees						36,096	36,096
Miscellaneous	154	68	442	44	708	8,598	9,306
Copying and Printing	1,527	3,267	863	492	6,149	580	6,729
Insurance						2,882	2,882
Total Expenses	<u>\$ 903,754</u>	<u>\$ 477,198</u>	<u>\$ 307,793</u>	<u>\$ 172,137</u>	<u>\$ 1,860,882</u>	<u>\$ 337,926</u>	<u>\$ 2,198,808</u>

The accompanying notes are an integral part of the financial statements

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Statements of Cash Flows  
For The Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 2,468,789	\$ 2,169,504
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Changes in:		
Grants and Other Receivables	(1,810,198)	(893,565)
Prepaid Expenses	11,833	(25,948)
Accounts Payable and Accrued Expenses	135,144	4,784
Net Cash Provided by Operating Activities	<u>805,568</u>	<u>1,254,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(7,933,852)	(3,226,257)
Sale of Investments	6,376,719	3,476,698
Net Cash Provided (Used) by Investing Activities	<u>(1,557,133)</u>	<u>250,441</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(751,565)	1,505,216
CASH AND CASH EQUIVALENTS--Beginning of Year	<u>1,727,208</u>	<u>221,992</u>
CASH AND CASH EQUIVALENTS--End of Year	<u>\$ 975,643</u>	<u>\$ 1,727,208</u>

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



JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Notes to Financial Statements  
June 30, 2019 and 2018

1. Nature of Organization

A. Organization and Purpose:

An affiliate of Duke University, the James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc. (“Institute”), is a recognized leader in the movement to transform public education. Working at the intersection of education policy and politics, the Institute empowers state leaders to drive sustainable reform and become audacious champions for public education. Marshaling expertise from a nationwide partner network since it was established in 2001, The Institute brings together leaders and resources to help build and nurture visionary leadership and mobilize strategic action to improve public education and student success. The Institute is unapologetic about the importance of equity in educational access, quality, and opportunity and it is at the core of the Institute’s work.

Through its bipartisan, research based approach, the Institute serves as a catalyst for collaboration across the political aisle and policymaking bodies. Its established series of convenings and publications are aimed at building the education policymaking capacity of all senior-level state leaders. By addressing topics spanning the full education continuum from birth to K-12, post-secondary education, and the workforce. The Institute works to ensure state policymakers have a keen understanding of major education issues, an astute political instinct, and a playbook of transformative state and local-level efforts that are exemplars of what public education can, and should, look like for every individual.

The Institute is a nonprofit organization originally established as a supporting organization of the University of North Carolina. Effective July 1, 2016, the Institute operates as an independent nonprofit organization.

B. Program Services:

Hunt-Kean Leadership Fellows

The Hunt-Kean Leadership Fellows (HK Fellows) program brings together senior, state-level political leaders who have the skill and will to be effective, reform-minded education policymakers in their states with leading minds in education, policy, and politics. The HK Fellows curriculum is designed to equip participants with the knowledge, relationships, and inspiration they need to engage in critical conversations about equity and lead on education reform in their current roles and as they pursue higher office. Each Cohort includes approximately 20 HK Fellows with each representing a different state and with the Cohort maintaining a bipartisan balance.

In 2019, this program category also includes the *Hunt-Kean Leadership Fellows Higher Education Summit*, hosted in partnership with Duke University Sanford School for Public Policy.

State Engagement

The Hunt Institute is currently partnering with Missouri, North Carolina, Virginia, and West Virginia to provide a series of programming designed to build the capacity of state legislators as they tackle the education challenges facing their states. In each of its partner states, The Institute hosts a State Legislative Retreat (SLR) and offers ongoing learning experiences to legislators, such as regional visits to innovative and impactful programs across the country and/or a policy discussion series that, over the shared experience of a meal, successfully connects a bipartisan group of policymakers with key national experts in education policy.

The Hunt Institute is currently conducting a scan of additional states as it looks to expand the SLR model over the next three years. Missouri was a new partner state for The Institute in 2019.

JAMES B. HUNT, JR. INSTITUTE FOR  
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Notes to Financial Statements  
June 30, 2019 and 2018

1. Nature of Organization (Continued)

Cross-State Team Engagement

The Hunt Institute continues to recognize the value of fostering both inter- and intra-state learning by convening state teams from across the country to discuss topics from across the education continuum. These convenings can be topical in nature, such as the 2018 and 2019 Early Childhood Summits, or can be audience-targeted, such as the *2019 Education Retreat: Advancing Cross-State Conversations*, geared toward convening state teams comprised of governors' advisors/policy directors, state chiefs, higher education reps, legislators, and others to discuss the full education continuum.

Other Programs

The Hunt Institute has also been intentional about continuing to enhance its brand and national presence, continuing *The Intersection* blog and biweekly webinar series, and deploying staff to and hosting sessions at partner convenings.

2. Summary of Significant Accounting Policies

A. Basis of Accounting:

The Institute's financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America (GAAP).

B. Adoption of New Accounting Pronouncement:

For the year ended June 30, 2019, the Institute adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the financial information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. A key change required by ASU 2016-14 are the net asset classes used in these financial statements wherein amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. The changes required by the update have been applied retrospectively to all periods presented.

C. Basis of Presentation:

The Institute follows standards for external financial reporting by not-for-profit organizations that requires its resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. Accordingly, net assets and changes therein may be classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Notes to Financial Statements  
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

The Institute reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction end or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Institute to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. The Institute currently has no assets that meet this criteria.

D. Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Institute considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

E. Certificates of Deposit:

Certificates of deposit with maturities greater than three months when purchased are classified separately from cash and cash equivalents. Certificates of deposit are reported at fair value plus accrued interest. Unrealized and realized gains and losses are included in investment income.

F. Investments:

Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in investment income.

G. Other Receivables:

Other receivables are comprised of amounts due from contracts for service revenue, accrued interest and sales tax refunds.

H. Grant Revenues:

Revenues from grants without donor restrictions are recognized upon the grantor's award of the grant to the Institute. Grants that are received with donor restrictions are recorded as restricted revenue.

Grants that are expected to be collected within one year are recorded at net realizable value. Grants that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on future amounts are computed using an appropriate interest rate commensurate with the risks involved for the number of years in the promise. Amortization of the discounts would be included in grant revenues.

The Institute's management believes that all receivables will be collected. Therefore, no allowance for uncollectible accounts is considered necessary for the years ended June 30, 2019 and 2018.

I. Contributions:

In accordance with GAAP, contributions received are recorded as increases in with or without donor restrictions, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, such as a stipulated time restriction ends or a purpose restricted 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 restrictions.

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Notes to Financial Statements  
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Concluded)

J. Income Tax Status:

The Institute is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that the Institute is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. During the years ended June 30, 2019 and 2018, the Institute did not have any income subject to taxation as unrelated business income.

In accordance with guidance on accounting for uncertainty in income taxes, the Institute has determined that all tax positions taken are highly certain. The Institute has determined that no unrecognized tax liabilities exists at June 30, 2019 and 2018. Furthermore, the Institute believes there is no material income tax effect on the financial statements for the stated period.

K. Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates made by the Institute's management.

L. Use of Estimates:

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

3. Cash and Cash Equivalents

Cash and cash equivalents are principally held in a bank deposit program or money market account at an international investment banking institution or federal credit union. Through the banking institutions, the Institute also invests in certificates of deposit that are considered short-term investments as of June 30, 2019 and 2018. Certain deposits are insured, up to certain limits, by the Federal Deposit Insurance Corporation and by the Securities Investor Protection Corporation. Financial instruments which potentially subject the Institute to concentration of credit risk consist of cash and cash equivalents. The Institute's cash accounts occasionally exceed federally insured limits. The Institute has not experienced any losses in such accounts.

4. Investments

Investment income for the years ended June 30, 2019 and 2018 were \$337,106 and \$34,273, respectively.

Investments are reported at fair value at June 30, 2019 as follows:

	Fair Market Value	Cost	Unrealized Gain
Common Stock	\$ 81,426	\$	\$ 81,426
Mutual Funds	503,019	485,253	17,766
Exchange-Traded Funds	490,720	474,259	16,461
Bond Funds	3,569,549	3,394,162	175,387
	<u>\$ 4,644,714</u>	<u>\$ 4,353,674</u>	<u>\$ 291,040</u>

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Notes to Financial Statements  
June 30, 2019 and 2018

4. Investments (Continued)

Investments are reported at fair value at June 30, 2018 as follows:

	Fair Market Value	Cost	Unrealized Gain (Loss)
Certificates of Deposit	\$ 1,834,171	1,837,000	\$ (2,829)
Government Securities	1,253,411	1,249,257	4,154
	<u>\$ 3,087,582</u>	<u>\$ 3,086,257</u>	<u>\$ 1,325</u>

5. Disclosure about Fair Value of Financial Instruments

Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Institute utilizes market data or assumptions that market participants would use in pricing the asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to make its own assumptions.

The following tables set forth the financial assets and liabilities as of June 30, 2019 and 2018 that were measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement:

	Balance at June 30, 2019	Fair Value Measurements Using		
		Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Common Stock	\$ 81,426	\$ 81,426	\$	\$
Mutual Funds	503,019	503,019		
Exchange-Traded Funds	490,720	490,720		
Bond Funds	3,569,549	3,569,549		
	<u>\$ 4,644,714</u>	<u>\$ 4,644,714</u>	<u>\$</u>	<u>\$</u>

	Balance at June 30, 2018	Fair Value Measurements Using		
		Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Certificates of Deposit	\$ 1,834,171	\$ 1,834,171	\$	\$
Government Securities	1,253,411	1,253,411		
	<u>\$ 3,087,582</u>	<u>\$ 3,087,582</u>	<u>\$</u>	<u>\$</u>

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Notes to Financial Statements  
June 30, 2019 and 2018

6. Grants Receivable

The Institute receives multi-year grants to support the programs and further the mission of education leadership and policies.

Grants Receivable consists of the following:

	2019	2018
Grants Receivable	\$ 2,721,775	\$ 902,883
Less Discount	27,761	
Net Grants Receivable	<u>\$ 2,694,014</u>	<u>\$ 902,883</u>
Amounts Due In:		
Less than One Year	\$ 2,285,675	\$ 902,883
One to Five Years	408,339	
	<u>\$ 2,694,014</u>	<u>\$ 902,883</u>

7. Liquidity and Availability

The Institute manages its liquid resources by focusing on obtaining grants and contributions to ensure the organization has adequate funds to cover the programs that are being conducted. The Institute prepares detailed budgets and has been very active in managing costs to ensure the organization remains liquid.

The Institute's financial assets as of June 30, 2019 and 2018 expected to be available within one year to meet cash needs for general expenditures comprise the following:

	2019	2018
Cash and Cash Equivalents	\$ 975,643	\$ 1,727,208
Investments	4,644,714	3,087,582
Grants Receivable	2,285,675	902,883
Other Receivables	47,250	28,182
Financial assets, at year end	7,953,282	5,745,855
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>5,325,557</u>	<u>3,507,226</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,627,725</u>	<u>\$ 2,238,629</u>

JAMES B. HUNT, JR. INSTITUTE FOR  
EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION, INC.  
Notes to Financial Statements  
June 30, 2019 and 2018

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018 are restricted for the following:

	2019	2018
Anonymous – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Other Programs, Administrative	\$ 485,170	\$ 526,385
Bezos Family Foundation – Cross-State Team Engagement, Administrative	160,813	318,293
Bill & Melinda Gates Foundation – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Other Programs and Administrative	263,745	950,000
Blue Cross Blue Shield of North Carolina – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Other Programs	897,556	897,556
Brady Education Foundation – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Other Programs, Administrative	15,000	
Burroughs Wellcome Fund – State Engagement	25,000	
Carnegie Corporation of New York – Hunt-Kean Leadership Fellows, Cross-State Team Engagement, Administrative	732,978	
Charles and Lynn Schusterman Family Foundation – Administrative	244,578	
Dominion Power – Hunt-Kean Leadership Fellows	25,000	25,000
Equable Institute – Hunt-Kean Leadership Fellows, Administrative	100,000	
Ewing Marion Kauffman Foundation – State Engagement	6,446	
James B. Hunt Institute – Board of Directors' Individual Support for Hunt-Kean Leadership Fellows	11,500	11,500
John M. Belk Endowment – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Other Programs, Administrative	200,000	100,000
Lumina Foundation for Education – Hunt-Kean Leadership Fellows, Administrative		130,000
Oak Foundation – Hunt-Kean Leadership Fellows, State Engagement, Administrative	239,261	
Pritzker Children's Initiative – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Other Programs, Administrative	350,000	
Retirement Security Foundation - Hunt-Kean Leadership Fellows, Administrative		100,000
Saul Zaentz Charitable Foundation – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Other Programs, Administrative	500,000	

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8. Net Assets With Donor Restrictions (Continued)

	2019	2018
State Farm – Hunt-Kean Leadership Fellows	\$ 64,417	\$ 64,417
The Duke Endowment – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Administrative	100,000	27,877
The Kresge Foundation – Hunt-Kean Leadership Fellows, State Engagement, Other Programs, Administrative	125,000	
Wallace Foundation – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Other Programs, Administrative		31,198
Walton Family Foundation – Hunt-Kean Leadership Fellows, Administrative	479,673	325,000
WK Kellogg Foundation – Hunt-Kean Leadership Fellows, State Engagement, Cross-State Team Engagement, Other Programs, Administrative	242,420	
Z. Smith Reynolds Foundation - State Engagement, Administrative	57,000	
	<u>\$ 5,325,557</u>	<u>\$ 3,507,226</u>

9. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

	2019	2018
Hunt-Kean Leadership Fellows	\$ 740,985	\$ 903,754
State Engagement	864,046	477,198
Cross-State Engagement	684,877	307,793
Other Programs	65,799	172,137
General and Administrative	259,266	102,338
	<u>\$ 2,614,973</u>	<u>\$ 1,963,220</u>

10. Related Party Transactions

The Institute received gifts totaling \$16,335 and \$16,900 from members of the board of directors during the years ended June 30, 2019 and 2018, respectively.

The Institute expended \$45,000 and \$90,000 in consulting services to an entity affiliated with a certain member of the board of directors for the years ended June 30, 2019 and 2018, respectively.

11. Concentrations

The Institute records grant revenue and receivable upon receipt of grant award. The Institute considers grantors that account for more than 10% of grant revenues or grant receivables to be major grantors.



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11. Concentrations (Continued)

Grant revenues and receivables from major grantors as of June 30, 2019 are as follows:

	Percentage of Grants Receivable	Percentage of Grants Revenue
Grantor A	28%	15%
Grantor B	18%	19%
Grantor C	12%	6%

Grant revenues and receivables from major grantors as of June 30, 2018 are as follows:

	Percentage of Grants Receivable	Percentage of Grants Revenue
Grantor A	19%	8%
Grantor B	28%	32%
Grantor C	15%	3%
Grantor D	18%	7%
Grantor E	0%	24%

12. Lease Commitments

The Institute leases office space under an operating lease. Rent expense for the years ended June 30, 2019 and 2018 was \$120,712 and \$108,007, respectively.

Future minimum payments are as follows:

Year Ending June 30	
<u>2020</u>	\$ <u><u>92,215</u></u>

13. Commitments and Contingencies

Under certain grant agreements, the Institute agrees to indemnify the grantor against, and at the Institute's own expense undertake the defense of, any, and all losses, claims, damages, liabilities, costs, expenses, assessments, and taxes, whether resulting from negligence or otherwise, which is incurred by or asserted against the grantor. Any successful claims could have a material adverse effect on the Institute's financial condition, results of operations, and future prospects.

14. Subsequent Events

Management has evaluated subsequent events through October 29, 2019, the date the financial statements were available to be issued.

15. Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. Such reclassifications had no effect on changes in net assets or cash flows.