



SHARPE  
**PATEL**CPA

# **James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc.**

FINANCIAL STATEMENTS

Year Ended June 30, 2025

**JAMES B. HUNT, JR. INSTITUTE FOR EDUCATIONAL  
LEADERSHIP AND POLICY FOUNDATION, INC.  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc.

Raleigh, North Carolina

### Opinion

We have audited the accompanying financial statements of James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc., a nonprofit organization (The Institute), which comprise the statement of financial position as of June 30, 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 James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc. as of June 30, 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 James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, 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 James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, 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.

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 James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, 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, that raise substantial doubt about James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, 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.

*Sharpe Patel PLLC*

Raleigh, North Carolina  
January 5, 2026

**JAMES B. HUNT, JR. INSTITUTE FOR EDUCATIONAL  
LEADERSHIP AND POLICY FOUNDATION, INC.**  
Statement of Financial Position  
June 30, 2025

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 2,896,225
Investments	5,813,929
Grants receivable, current portion	3,625,000
Other receivables	146,365
Prepaid expenses	186,324
Total current assets	<u>12,667,843</u>

Property and equipment:

Furniture and equipment	178,011
Leasehold improvements	25,323
Website	42,452
Total property and equipment	<u>245,786</u>
Less accumulated depreciation	<u>(196,519)</u>
Property and equipment, net	<u>49,267</u>

Non-current assets:

Security deposit	70,536
Right of use lease asset, net	978,135
Grants receivable, noncurrent and net of discount	235,116
Total non-current assets	<u>1,283,787</u>

Total assets	<u><u>\$ 14,000,897</u></u>
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**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$ 283,622
Accrued expenses	107,396
Accrued payroll	109,102
Current portion of operating lease liability	439,344
Total current liabilities	<u>939,464</u>

Non-current liabilities:

Long-term portion of operating lease liability	637,380
Total non-current liabilities	<u>637,380</u>

Total liabilities	<u>1,576,844</u>
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Net assets:

Without donor restriction	6,659,219
With donor restrictions	5,764,834

Total net assets	<u>12,424,053</u>
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Total liabilities and net assets	<u><u>\$ 14,000,897</u></u>
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The accompanying notes to the financial statements are an integral part of these statements.

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

**Statement of Activities  
For the Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Grants	\$ 1,320,000	\$ 5,999,921	\$ 7,319,921
Corporate contributions	568,000	-	568,000
Investment income	608,112	-	608,112
Service revenue	1,056,942	-	1,056,942
Individual contributions	12,143	-	12,143
In-kind services	-	93,283	93,283
Miscellaneous	7,427	-	7,427
Total public support and revenue	<u>3,572,624</u>	<u>6,093,204</u>	<u>9,665,828</u>
Net assets released from restriction	<u>8,857,628</u>	<u>(8,857,628)</u>	<u>-</u>
Total public support, revenue, and net assets released from restriction	<u>12,430,252</u>	<u>(2,764,424)</u>	<u>9,665,828</u>
<b>EXPENSES</b>			
Program services	<u>11,072,745</u>	<u>-</u>	<u>11,072,745</u>
Supporting services:			
Management and general	509,572	-	509,572
Fundraising	245,583	-	245,583
Total supporting services	<u>755,155</u>	<u>-</u>	<u>755,155</u>
Total expenses	<u>11,827,900</u>	<u>-</u>	<u>11,827,900</u>
Change in net assets	602,352	(2,764,424)	(2,162,072)
Net assets, beginning of year	<u>5,605,872</u>	<u>8,529,258</u>	<u>14,135,130</u>
Restatement	450,995	-	450,995
Net assets, beginning of year as restated	<u>6,056,867</u>	<u>8,529,258</u>	<u>14,586,125</u>
Net assets, end of year	<u><u>\$ 6,659,219</u></u>	<u><u>\$ 5,764,834</u></u>	<u><u>\$ 12,424,053</u></u>

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

**JAMES B. HUNT, JR. INSTITUTE FOR EDUCATIONAL  
LEADERSHIP AND POLICY FOUNDATION, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2025**

		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Total Expenses
Salaries and wages	\$ 4,122,097	\$ 201,405	\$ 152,173	\$ 353,578	\$ 4,475,675
Payroll benefits	939,512	38,222	21,117	59,339	998,851
Convening	2,905,628	33,623	7,290	40,913	2,946,541
Travel	872,261	8,808	8,808	17,616	889,877
Consultants	925,248	84,632	38,557	123,189	1,048,437
Occupancy	405,267	13,959	8,400	22,359	427,626
Materials and supplies	231,790	5,371	3,232	8,603	240,393
Equipment	354,569	512	308	820	355,389
Communications and IT	163,144	5,619	3,381	9,000	172,144
Miscellaneous	76,941	39,536	808	40,344	117,285
Copying and printing	50,993	1,756	1,057	2,813	53,806
Professional fees	21,839	35,940	452	36,392	58,231
Depreciation	-	29,845	-	29,845	29,845
Other expenses	3,456	-	-	-	3,456
Insurance	-	10,344	-	10,344	10,344
Total expenses	<u>\$ 11,072,745</u>	<u>\$ 509,572</u>	<u>\$ 245,583</u>	<u>\$ 755,155</u>	<u>\$ 11,827,900</u>

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

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

**Statement of Cash Flows  
For the Years Ended June 30, 2025**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ (2,162,072)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	29,845
Operating lease expense	393,494
Realized and unrealized (gain) loss on investments	(383,932)
Changes in assets and liabilities that provided (used) cash:	
Grants receivable	1,512,289
Other receivables	221,777
Prepaid expenses	(71,045)
Accounts payable	264,682
Accrued expenses	(48,841)
Accrued payroll	(41,773)
Operating lease obligations	(408,678)
Net cash provided (used) by operating activities	<u>(694,254)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of investments	(1,080,000)
Proceeds from sale of investments	<u>3,329,935</u>
Net cash provided (used) by investing activities	<u>2,249,935</u>
Net increase (decrease) in cash and cash equivalents	1,555,681
Cash and cash equivalents, beginning of year	<u>1,340,544</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,896,225</u></u>

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



**JAMES B. HUNT, JR. INSTITUTE FOR EDUCATIONAL  
LEADERSHIP AND POLICY FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**June 30, 2025**

**1. NATURE OF THE ORGANIZATION**

Organization and Purpose

The James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc. (the “Foundation”) is a nonprofit organization that was established as a supporting organization of the University of North Carolina at Chapel Hill (“UNC”) to provide financial services to the James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc. (the “Institute”). During 2016, the Foundation stopped receiving funding from UNC and, effective June 30, 2016, the Foundation and the Institute ended their relationship with UNC. Effective July 1, 2016, the Foundation operates as an independent nonprofit organization.

Effective July 1, 2016, the Foundation entered an affiliate relationship with Duke University. The Foundation works at the intersection of education policy and politics to empower state leaders to drive sustainable reform and become audacious champions for public education. Marshaling expertise from a nationwide partner network, the Foundation holds seminars and symposia to connect leaders with the best strategies to develop and implement policies and programs that improve public education.

An affiliate of Duke University, the James B. Hunt, Jr. Institute for Educational Leadership and Policy Foundation, Inc. (“the 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, postsecondary 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.

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 at least 20 HK Fellows, with each representing a different state and with the Cohort maintaining a bipartisan balance.

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

**Notes to the Financial Statements**

**June 30, 2025**

**1. NATURE OF THE ORGANIZATION (Continued)**

Program Services (Continued)

*State Engagement*

The Institute is currently partnering with Illinois, Missouri, North Carolina, North Dakota, Ohio, Oklahoma, 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 Legislators 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Institute have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Basis of Presentation

The Institute has adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without restrictions” and “net assets with restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Other Receivables

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

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

**Notes to the Financial Statements**

**June 30, 2025**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments

Investments consist primarily of assets invested in bonds, equities, exchange-traded funds and mutual funds. The Foundation accounts for investments in accordance with FASB ASC 958-320 and subsections *Accounting for Certain Investments Held By Not-for-Profit Organizations*. This standard requires that investments with readily determinable fair value to be measured at fair value in the statements of financial position. Fair value of marketable mutual funds is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statements of activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investment income on the statement of activities includes interest, dividends and capital gains distributions earned by the investments during the year. Investment fees are netted with this total.

Property and Equipment

Purchased property and equipment, as well as donated property and equipment with a cost of \$5,000 or more and a life expectancy of more than one year, are capitalized and are recorded at cost or estimated fair market value at the date of receipt, respectively. Such assets are depreciated using the straight-line method over their estimated useful lives, which range from three to seven years.

Leases

The Institute recognizes right-of-use (ROU) assets and lease liabilities for lease arrangements that convey the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments and are measured on a discounted basis. The Institute determines whether an arrangement is or contains a lease at contract inception.

The Institute has elected not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less; lease expense for such leases is recognized on a straight-line basis over the lease term. All other leases are classified as operating or finance leases. Operating leases are included in operating lease ROU assets and operating lease liabilities (current and non-current) in the statement of financial position, with lease expense recognized on a straight-line basis.

ROU assets and lease liabilities are recorded at lease commencement based on the present value of future lease payments. As most leases do not provide an implicit rate, the Institute uses a risk-free borrowing rate aligned with the lease term. Lease terms include renewal or termination options when management determines it is reasonably certain such options will be exercised.

Lease agreements with lease and non-lease components are generally accounted for separately. Non-lease components, which primarily include insurance, property taxes, and common area maintenance costs, are variable and recognized as expense in the period incurred.

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

**Notes to the Financial Statements**

**June 30, 2025**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net assets

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

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The board may designate a portion of these net assets for specific purposes. Net assets without donor restrictions totaled \$6,659,219 as of June 30, 2025.

*Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. The Institute reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time or purpose restriction is satisfied) in the period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Net assets with donor restrictions totaled \$5,764,834 as of June 30, 2025.

Gifts of cash and other assets received with donor stipulations that limit their use are reported as revenue with donor restrictions. When the restriction expires, the net assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Some net assets with donor restrictions may be required to be maintained permanently (perpetual in nature), while allowing the Institute to use the income in accordance with donor stipulations or Board-approved policy. The Institute currently has no assets that meet this criteria.

Revenue and Revenue Recognition

*Grants*

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 year ended June 30, 2025.

*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 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 restrictions.

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

**Notes to the Financial Statements**

**June 30, 2025**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Service Revenue*

The Institute receives program service fees for the services provided as outlined in contract agreements. Services include assessment of North Carolina's early care and education system by providing recommendation on rebuilding a responsive system to better address the needs of children and families birth through five and develop, implement, and evaluate a training and technical assistance strategy for human services leadership teams to interpret quality data and develop scalable and sustainable local strategic plans informed by early childhood data. Revenue is recognized when services are rendered.

Donated Items and Services (Gifts in Kind)

The Institute recognizes in-kind goods and services in accordance with FASB Accounting Standards Update (ASU) 2013-06, *Services Received from Personnel of an Affiliate*, and ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*.

Donated land, buildings, equipment, investments, and other noncash contributions are recorded at fair market value at the date of donation. Such donations are reported as support without restriction unless explicit donor stipulations specify their use. Gifts of long-lived assets with restrictions, or contributions used to acquire long-lived assets, are reported as restricted support. In the absence of donor stipulations regarding maintenance, restrictions are considered expired when the assets are placed in service.

Donated services that do not require specialized skills or do not enhance nonfinancial assets are not recognized in the financial statements. A substantial number of volunteers contribute significant time to the Institute's programs and fundraising, the value of which is not recorded.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Directly identifiable expenses are charged to the applicable program or supporting services. Certain expenses are not directly identifiable with any other specific function but provide for the overall support and direction of the Institute and require allocation between functions on a reasonable basis that is consistently applied. Expenses allocated are based on time and effort or square footage depending on the type of expense.

*Program services* – Comprise activities that directly support and advance the Institute's mission.

*Supporting services* – Includes activities such as management and general services necessary to maintain an effective working environment, provide administrative support, and oversee the Institute's financial and budgetary functions. Fundraising expenses represent the costs incurred by the Institute to solicit and secure contributions and other funding.

Advertising Expense

The Institute expenses advertising costs as incurred.

Income Taxes

The Institute is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and is classified by the IRS as a publicly supported organization. The Institute is not aware of any unrelated business income for the year ended June 30, 2025.

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

**Notes to the Financial Statements**

**June 30, 2025**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Institute evaluates any uncertain tax positions and records a liability for any position that is more likely than not to be challenged and overturned by a taxing authority, including related interest and penalties. Management has determined that no uncertain tax positions exist as of June 30, 2025.

**3. CONCENTRATIONS**

Credit Risk

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, 2025. The Institute occasionally maintains deposits in excess of federally insured limits. Cash balances are maintained in reputable financial institutions in the United States, with accounts insured by either the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000 per institution. At June 30, 2025, all cash deposits were fully insured.

Certain investment accounts are also protected by the Securities Investor Protection Corporation (SIPC) up to applicable limits. The Institute periodically assesses the financial strength of these institutions and has not experienced any losses in such accounts. Management believes the Institute is not exposed to significant credit risk on cash, cash equivalents, or investments.

Grant Receivables and Revenues

The Institute recognizes grant revenue and the related receivable upon receipt of a grant award. Grantors that account for more than 10% of grant revenues or grant receivables are considered major grantors. Grant revenues and receivables from major grantors as of June 30, 2025, are as follows:

	<u>Percentage of Grants Receivable</u>	<u>Percentage of Grants Revenue</u>
Grantor A	39%	41%
Grantor B	26%	0%

**4. INVESTMENTS**

Investment market values, costs, and unrealized gains and losses consisted of the following as of June 30, 2025:

	<u>Fair Market Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$ 375,259	\$ 290,748	\$ 84,511
Exchange-traded products	2,985,087	2,670,550	314,537
Fixed income	1,769,559	1,906,647	(137,088)
Alternative instruments	179,477	164,710	14,767
Mutual funds	504,547	445,141	59,406
	<u>\$ 5,813,929</u>	<u>\$ 5,477,796</u>	<u>\$ 336,133</u>

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

**Notes to the Financial Statements**

**June 30, 2025**

**4. INVESTMENTS (Continued)**

Investment income is reported net of related investment fees in the statements of activities. The following schedule summarizes investment income for the year ended June 30, 2025:

Interest and dividends	\$ 224,180
Realized gains (losses)	104,795
Unrealized gains (losses)	290,383
Investment fees	(11,246)
	<u>\$ 608,112</u>

**5. FAIR VALUE MEASUREMENTS**

The Institute values its investments in accordance with a hierarchy that prioritizes the inputs to valuation techniques, giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement) when market prices are not readily available or reliable.

The three levels of the hierarchy under fair value measurements are described below:

*Level 1:* Quoted prices in active markets for identical securities.

*Level 2:* Prices determined using other significant observable inputs, which are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, credit risk, and others.

*Level 3:* Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used.

Unobservable inputs reflect the Institute's own assumptions and would be based on the best information available.

Changes in valuation techniques could result in transfers in or out of an assigned level within the hierarchy. Interest income, including unrealized appreciation/depreciation earned on investments, is recognized as revenue without restrictions unless specifically restricted for use by the donor.

The following tables set forth by level, within the fair value hierarchy, the Institute's investments at fair value on a recurring basis, as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Equities	\$ 375,259	\$ -	\$ -	\$ 375,259
Exchange-traded products	2,985,087	-	-	2,985,087
Fixed income	-	1,769,559	-	1,769,559
Alternative instruments	179,477	-	-	179,477
Mutual funds	504,547	-	-	504,547
	<u>\$ 4,044,370</u>	<u>\$ 1,769,559</u>	<u>\$ -</u>	<u>\$ 5,813,929</u>

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**Notes to the Financial Statements**

**June 30, 2025**

**6. GRANTS RECEIVABLE**

The Institute receives multi-year grants to support its programs and further its mission of advancing education leadership and policy. Grants receivable consists of the following as of June 30, 2025:

Grants receivable	\$ 3,878,750
Less discount	18,634
Net grants receivable	<u>\$ 3,860,116</u>

Amounts due in:

Less than one year	\$ 3,625,000
One to five years	235,116
	<u>\$ 3,860,116</u>

**7. LEASE COMMITMENTS**

The Institute has entered into lease agreements for office space, which are accounted for under ASC 842. The weighted average discount rate for these operating leases is 3.5%.

The first lease commenced on April 1, 2020, and is scheduled to expire on May 31, 2027. No payments were required for the first two months; base monthly rent began on June 1, 2020, at \$16,797 and increases annually, reaching \$20,658 by the end of the initial lease term. This lease includes an option to extend for an additional five-year period, which management has determined will not be exercised.

The second lease commenced on June 1, 2023, and is scheduled to expire on February 29, 2028. No payments were required for the first three months; base monthly rent began on September 1, 2023, at \$17,913 and increases annually, reaching \$20,956 by the end of the initial lease term. This lease does not include an option to extend.

As a result of the leases, the Institute has recorded right to use assets with an original value of \$1,950,969 and net book value of \$978,135 as of June 30, 2025.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025 are as follows:

<u>Years ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 439,344	\$ 29,350	\$ 468,694
2027	450,958	13,472	464,430
2028	186,422	2,179	188,601
	<u>\$ 1,076,724</u>	<u>\$ 45,001</u>	<u>\$ 1,121,725</u>



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**8. NET ASSETS WITH RESTRICTIONS**

Net assets with donor restrictions are those stipulated by donors for specific operating purposes, for specific periods of time, or are not currently available for use until donor-imposed conditions have been fulfilled. They are composed of the following as of June 30, 2025:

Content teams

Early Learning	\$ 1,740,993
K-12	410,850
Higher Education	257,736

Programs

National and State Programs	<u>3,355,255</u>
Total	<u><u>\$ 5,764,834</u></u>

During the year ended June 30, 2025, net assets released from restrictions totaled \$8,857,628. The releases represent funds received from donors with purpose or time restrictions that were spent during the year in accordance with the requirements set by the donor.

**9. LIQUIDITY AND AVAILABILITY OF FUNDS**

The Institute manages its liquid resources by focusing on obtaining grants, contributions, and fundraising support to ensure adequate funding for its programs. The Institute prepares detailed budgets and actively manages costs to maintain sufficient liquidity.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following as of June 30, 2025:

Cash	\$ 2,896,225
Investments	5,813,929
Current portion of grants receivable	3,625,000
Other receivables	146,365
Less:	
Accounts payable	(283,622)
Accrued expenses	(107,396)
Accrued payroll	(109,102)
Current portion of operating lease liability	(439,344)
Net assets with donor restrictions	<u>(5,764,834)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,777,221</u></u>

At June 30, 2025, all net assets without restrictions are available to meet cash needs for general expenditures of the Institute with one year. Excess funds are available in the Institute's investment account, if needed.

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**Notes to the Financial Statements**

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**10. SUBSEQUENT EVENTS**

Management evaluates events occurring after the date of the financial statements to determine the appropriate accounting treatment and disclosures of transactions and events that affect the financial statements. Subsequent events have been evaluated through January 5, 2026, which is the date the financial statements were available to be issued.

**11. RESTATEMENT**

During the year ended June 30, 2025, the Institute identified various adjustments that required the restatement of the previously issued financial statements. As a result of these adjustments, net assets as of the prior period increased by \$450,995. The majority of these transactions involved revenues and expenses being accounted for in the improper accounting period. ,