

**LEARNING POLICY INSTITUTE**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED  
DECEMBER 31, 2025 AND 2024**

# LEARNING POLICY INSTITUTE

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## **INDEPENDENT AUDITOR’S REPORT**

**Board of Directors  
Learning Policy Institute  
San Francisco, California  
Washington, DC**

### **Opinion**

We have audited the accompanying financial statements of Learning Policy Institute, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Learning Policy Institute as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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



**GILBERT CPAs**  
**Sacramento, California**

**June 3, 2026**

# LEARNING POLICY INSTITUTE

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2025 AND 2024

|  | <u>2025</u>          | <u>2024</u>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>                                |                      |                      |
| <b>CURRENT ASSETS:</b>                       |                      |                      |
| Cash and cash equivalents                    | \$ 2,227,981         | \$ 6,104,533         |
| Grants and contracts receivable              | 3,477,001            | 4,084,114            |
| Prepaid expenses                             | 47,572               | 38,604               |
| Total current assets                         | <u>5,752,554</u>     | <u>10,227,251</u>    |
| <b>LONG-TERM ASSETS:</b>                     |                      |                      |
| Grants receivable, net                       | 1,335,777            |                      |
| Investments                                  | 22,717,505           | 21,580,959           |
| Deferred compensation investments            | 826,825              | 709,841              |
| Deposits                                     | 26,235               | 228,159              |
| Property and equipment, net                  | 37,921               | 38,995               |
| Operating lease, right-of-use asset          | 1,766,119            | 2,992,583            |
| Total long-term assets                       | <u>26,710,382</u>    | <u>25,550,537</u>    |
| <b>TOTAL ASSETS</b>                          | <u>\$ 32,462,936</u> | <u>\$ 35,777,788</u> |
| <b>LIABILITIES AND NET ASSETS</b>            |                      |                      |
| <b>CURRENT LIABILITIES:</b>                  |                      |                      |
| Accounts payable                             | \$ 509,991           | \$ 185,266           |
| Accrued expenses                             | 1,079,463            | 818,350              |
| Deferred revenues                            | 5,925                | 5,926                |
| Current portion of operating lease liability | 302,446              | 1,037,206            |
| Total current liabilities                    | <u>1,897,825</u>     | <u>2,046,748</u>     |
| <b>LONG-TERM LIABILITIES:</b>                |                      |                      |
| Deferred compensation liability              | 826,825              | 709,841              |
| Operating lease liability, net               | 1,699,210            | 2,462,446            |
| Total long-term liabilities                  | <u>2,526,035</u>     | <u>3,172,287</u>     |
| <b>TOTAL LIABILITIES</b>                     | <u>4,423,860</u>     | <u>5,219,035</u>     |
| <b>NET ASSETS:</b>                           |                      |                      |
| Without donor restrictions:                  |                      |                      |
| Board designated reserve                     | 7,000,000            | 6,500,000            |
| Undesignated                                 | 12,620,117           | 13,430,316           |
| With donor restrictions                      | 8,418,959            | 10,628,437           |
| Total net assets                             | <u>28,039,076</u>    | <u>30,558,753</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>      | <u>\$ 32,462,936</u> | <u>\$ 35,777,788</u> |

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

# LEARNING POLICY INSTITUTE

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2025 AND 2024

|   | <u>2025</u>          | <u>2024</u>          |
|---|----------------------|----------------------|
| <b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>                           |                      |                      |
| REVENUES:   |                      |                      |
| Grants  | \$ 2,261,250         | \$ 2,748,000         |
| Contract revenue  | 330,180              | 438,145              |
| Employee retention tax credit   | 884,988              | 226,066              |
| Investment income   | 3,193,621            | 2,137,528            |
| Gain on lease modification  | 144,148              |                      |
| Other income  | 17,692               | 22,731               |
| Net assets released from restrictions                                   | <u>12,094,203</u>    | <u>10,895,367</u>    |
| Total revenues  | <u>18,926,082</u>    | <u>16,467,837</u>    |
| EXPENSES:   |                      |                      |
| Program activities  | 16,367,275           | 13,826,338           |
| Supporting services:  |                      |                      |
| General and administrative  | 2,339,557            | 2,249,515            |
| Fundraising   | <u>529,449</u>       | <u>331,932</u>       |
| Total expenses  | <u>19,236,281</u>    | <u>16,407,785</u>    |
| <b>INCREASE (DECREASE) IN NET ASSETS WITHOUT<br/>DONOR RESTRICTIONS</b> | <u>(310,199)</u>     | <u>60,052</u>        |
| <b>NET ASSETS WITH DONOR RESTRICTIONS:</b>                              |                      |                      |
| Grants  | 9,884,725            | 5,890,073            |
| Net assets released from restrictions                                   | <u>(12,094,203)</u>  | <u>(10,895,367)</u>  |
| <b>DECREASE IN NET ASSETS WITH<br/>DONOR RESTRICTIONS</b>               | <u>(2,209,478)</u>   | <u>(5,005,294)</u>   |
| <b>DECREASE IN NET ASSETS</b>   | (2,519,677)          | (4,945,242)          |
| <b>NET ASSETS, Beginning of Year</b>                                    | <u>30,558,753</u>    | <u>35,503,995</u>    |
| <b>NET ASSETS, End of Year</b>  | <u>\$ 28,039,076</u> | <u>\$ 30,558,753</u> |

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

# LEARNING POLICY INSTITUTE

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2025

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|                                     | <u>Program<br/>activities</u> | <u>General and<br/>administrative</u> | <u>Fundraising</u>          | <u>Total</u>                |
|-------------------------------------|-------------------------------|---------------------------------------|-----------------------------|-----------------------------|
| Salaries                            | \$ 8,834,370                  | \$ 1,528,791                          | \$ 383,269                  | \$ 10,746,430               |
| Payroll taxes and employee benefits | 2,415,641                     | 418,027                               | 104,800                     | 2,938,468                   |
| Grant expense                       | 1,444,307                     |                                       |                             | 1,444,307                   |
| Consulting fees                     | 1,233,499                     |                                       |                             | 1,233,499                   |
| Occupancy                           | 778,923                       | 124,560                               | 19,601                      | 923,084                     |
| Travel                              | 660,112                       | 125,459                               |                             | 785,571                     |
| Professional services               | 452,763                       | 55,137                                | 8,001                       | 515,901                     |
| Office supplies and equipment       | 205,709                       | 32,895                                | 5,176                       | 243,780                     |
| Telecommunications and website      | 178,352                       | 28,521                                | 4,488                       | 211,361                     |
| Other employee expenses             | 135,590                       | 21,688                                | 3,409                       | 160,687                     |
| Depreciation and amortization       | 16,933                        | 2,708                                 | 426                         | 20,067                      |
| Other                               | 11,076                        | 1,771                                 | 279                         | 13,126                      |
|                                     | <u>                    </u>   | <u>                    </u>           | <u>                    </u> | <u>                    </u> |
| Total                               | <u>\$ 16,367,275</u>          | <u>\$ 2,339,557</u>                   | <u>\$ 529,449</u>           | <u>\$ 19,236,281</u>        |

# LEARNING POLICY INSTITUTE

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2024

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|                                     | <u>Program<br/>activities</u> | <u>General and<br/>administrative</u> | <u>Fundraising</u> | <u>Total</u>         |
|-------------------------------------|-------------------------------|---------------------------------------|--------------------|----------------------|
| Salaries                            | \$ 7,711,267                  | \$ 1,363,740                          | \$ 236,612         | \$ 9,311,619         |
| Payroll taxes and employee benefits | 1,998,334                     | 353,406                               | 61,317             | 2,413,057            |
| Grant expense                       | 878,051                       |                                       |                    | 878,051              |
| Consulting fees                     | 947,086                       |                                       |                    | 947,086              |
| Occupancy                           | 945,003                       | 160,870                               | 19,311             | 1,125,184            |
| Travel                              | 473,984                       | 104,170                               |                    | 578,154              |
| Professional services               | 406,501                       | 187,979                               | 5,168              | 599,648              |
| Office supplies and equipment       | 165,377                       | 28,154                                | 3,379              | 196,910              |
| Telecommunications and website      | 151,545                       | 25,798                                | 3,097              | 180,440              |
| Other employee expenses             | 113,399                       | 19,304                                | 2,317              | 135,020              |
| Depreciation and amortization       | 25,986                        | 4,424                                 | 531                | 30,941               |
| Other                               | <u>9,805</u>                  | <u>1,670</u>                          | <u>200</u>         | <u>11,675</u>        |
| Total                               | <u>\$ 13,826,338</u>          | <u>\$ 2,249,515</u>                   | <u>\$ 331,932</u>  | <u>\$ 16,407,785</u> |

**LEARNING POLICY INSTITUTE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

|  | <u>2025</u>             | <u>2024</u>             |
|--|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>             |                         |                         |
| Decrease in net assets                                   | \$ (2,519,677)          | \$ (4,945,242)          |
| Reconciliation to net cash used by operating activities: |                         |                         |
| Realized and unrealized gain on investments              | (2,250,757)             | (1,042,816)             |
| Depreciation and amortization                            | 20,067                  | 30,941                  |
| Reduction in operating right-of-use asset                | 1,082,316               | 838,816                 |
| Gain due to lease termination                            | 144,148                 |                         |
| Loss on disposal of property and equipment               | 8,165                   |                         |
| Changes in:  |                         |                         |
| Grants receivable  | (728,664)               | 3,731,546               |
| Prepaid expenses   | (8,968)                 | (3,145)                 |
| Deposits   | 201,924                 |                         |
| Accounts payable   | 324,725                 | (36,724)                |
| Accrued expenses   | 261,113                 | 64,069                  |
| Deferred revenue   | (1)                     | (371)                   |
| Operating lease liability                                | <u>(1,497,996)</u>      | <u>(975,907)</u>        |
| Net cash used by operating activities                    | <u>(4,963,605)</u>      | <u>(2,338,833)</u>      |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>         |                         |                         |
| Purchases of property and equipment                      | (27,158)                | (2,871)                 |
| Purchases of investments                                 | (16,296,254)            | (21,081,116)            |
| Proceeds from sales and maturities of investments        | <u>17,410,465</u>       | <u>20,278,416</u>       |
| Net cash provided (used) by investing activities         | <u>1,087,053</u>        | <u>(805,571)</u>        |
| <br><b>NET DECREASE IN CASH</b>                          | <br>(3,876,552)         | <br>(3,144,404)         |
| <br><b>CASH, Beginning of Year</b>                       | <br><u>6,104,533</u>    | <br><u>9,248,937</u>    |
| <br><b>CASH, End of Year</b>                             | <br><u>\$ 2,227,981</u> | <br><u>\$ 6,104,533</u> |

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

# LEARNING POLICY INSTITUTE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

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### 1. DESCRIPTION OF ORGANIZATION

Learning Policy Institute (Institute, or LPI), a 501(c)(3) nonprofit public benefit corporation, incorporated on August 4, 2014 and began fiscal operations in 2015.

The Institute conducts and communicates independent, high-quality research to improve education policy and practice. LPI seeks to advance evidence-based policies at the local, state, and federal levels that support empowering and equitable learning for each and every child. Nonprofit and nonpartisan, LPI works with policymakers, researchers, educators, community groups, and others to strengthen the education system from preschool through college and career readiness.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation** – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Institute reports information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Institute. These net assets may be used at the discretion of management.

*Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires (generally, as payments are made to fulfill the purposes of the contribution), 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. The Institute has no donor-imposed restrictions that are perpetual in nature.

**Revenue recognition** – The Institute’s revenues are derived primarily from private foundation grants. In accordance with professional standards, unconditional grants and contributions are recognized in full when received or unconditionally promised. All grants are considered available for unrestricted use unless specifically restricted by grantors for future periods or specific purposes. Grantor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

Revenue from contracts is recorded when earned, generally when performance obligations or deliverables are met. Contracts comprised \$145,842 of total grants and contracts receivable as of December 31, 2025. There were no contracts receivable at December 31, 2024. Contracts comprised \$86,128 of total grants and contracts receivable as of December 31, 2023.

The Institute receives certain cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the expense has been incurred in compliance with specific contract or

# LEARNING POLICY INSTITUTE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

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grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statement of financial position. Outstanding conditional promises to give subject to qualifying expenses requirements were \$70,426 as of December 31, 2025. There were no outstanding conditional promises to give as of December 31, 2024. These conditional promises to give will be recognized as revenue as the conditions are met.

**Cash and cash equivalents** – For financial statement purposes, the Institute considers all investments with a maturity at purchase of three months or less to be cash equivalents, unless held for long-term purposes.

**Investments** are stated at fair value and measured on a recurring basis.

**Property and equipment** are recorded at cost and depreciated using the straight-line method over the estimated useful life, generally five years. The Institute's policy is to capitalize such items with a cost of \$3,500 or more.

**Leases** – The Institute determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets are also adjusted for prepaid or accrued rent. The Institute uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Institute has made an accounting policy election to use the risk-free rate at the lease commencement date, in lieu of its incremental borrowing rate to discount future lease payments. Operating lease expense is recognized on a straight-line basis over the lease term. Lease terms may include options to renew, extend or terminate to the extent they are reasonably certain to be exercised. The Institute does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

**Functional allocation of expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, which are allocated based on time and effort; benefits and taxes, which are allocated based on salaries; all other expense are allocated based on salaries, head count, or specific identification of expenses, whichever best approximates usage of resources.

**Concentration of credit risk** – Financial accounts that potentially subject the Institute to concentrations of credit risk consist principally of cash, revenue and receivables.

### *Cash and cash equivalents*

The Institute minimizes credit risk associated with cash by maintaining its deposits with a high quality financial institution and periodically evaluating the credit quality of the financial institution. The balance at times may exceed federally insured limits. As of December 31, 2025 and 2024, cash and cash equivalents balances exceeded federally insured limits by \$1,977,981 and \$5,854,533, respectively. The Institute has not experienced any losses in such accounts and management believes the Institute is not exposed to any significant credit risk related to cash.

# LEARNING POLICY INSTITUTE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

### *Receivables*

As of December 31, 2025, the Institute had receivables from 3 grantors that individually represented 10% or more of the Institute's total grants receivable balance. In total these grantors represented approximately 90% of the Institute's grants receivable. As of December 31, 2024, the Institute had receivables from 4 grantors that individually represented 10% or more of the Institute's total grants receivable balance. In total these grantors represented approximately 90% of the Institute's grants receivable.

### *Revenue*

In 2025, the Institute had 5 grantors that individually provided 10% or more of the Institute's revenue. In total these grantors provided approximately 81% of the Institute's revenue. In 2024, the Institute had 5 grantors that individually provided 10% or more of the Institute's revenue. In total these grantors provided approximately 74% of the Institute's revenue.

**Income taxes** – The Institute is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Institute has also received exemption from income taxes in the State of California and Washington D.C.

The Institute has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, the Institute is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2021.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent events** have been reviewed through June 3, 2026, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2025 that require recognition or disclosure in the financial statements.

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Institute's financial assets as of December 31, 2025 and 2024, reduced by amounts not available because of contractual donor-imposed restrictions or internal designations:

|  | <u>2025</u>          | <u>2024</u>          |
|--|----------------------|----------------------|
| Cash and cash equivalents  | \$ 2,227,981         | \$ 6,104,533         |
| Grants and contracts receivable  | 4,812,778            | 4,084,114            |
| Investments  | 22,717,505           | 21,580,959           |
| Total financial assets   | <u>29,758,264</u>    | <u>31,769,606</u>    |
| Less:  |                      |                      |
| Restricted by donors for time or purpose                               | (4,951,617)          | (7,754,333)          |
| Board designations   | <u>(7,000,000)</u>   | <u>(6,500,000)</u>   |
| Financial assets available to meet cash needs for general expenditures | <u>\$ 17,806,647</u> | <u>\$ 17,515,273</u> |

# LEARNING POLICY INSTITUTE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Financial assets restricted by donors includes assets that are subject to donor-imposed purpose restrictions, but that are available for use within the subsequent year for the Institute's ongoing programmatic activities. Refer to Note 8 for additional information on purpose restrictions on the Institute's net assets.

As part of the Institute's liquidity management, it structures 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 daily cash requirements (including a minimum balance to cover bank fees) in short-term investments.

The Institute has an operating reserve of \$7 million, and \$6.5 million at December 31, 2025 and 2024, respectively. This is a board-designated reserve to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. The Institute's target for this reserve is approximately 6 months of normal operating expenses or \$7.6 million. In the event of an operating surplus, the governing board has the option of designating a portion of the operating surplus to its operating reserve. The operating reserve funds are held separately from the operating funds and invested per the LPI Investment Policy.

#### 4. GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable are due to be collected as follows:

|                      | <u>2025</u>         | <u>2024</u>                 |
|----------------------|---------------------|-----------------------------|
| Within one year      | \$ 3,477,001        | \$ 4,084,114                |
| In one to five years | <u>1,335,777</u>    | <u>                    </u> |
| Total                | <u>\$ 4,812,778</u> | <u>\$ 4,084,114</u>         |

#### 5. INVESTMENTS

Investments consist of the following:

|                           | <u>2025</u>          | <u>2024</u>          |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 1,500,343         | \$ 471,782           |
| Exchange traded funds     | 8,243,921            | 7,745,383            |
| Mutual funds – Bond       | 8,215,319            | 6,264,441            |
| Mutual funds – Equity     | <u>4,757,922</u>     | <u>7,099,353</u>     |
| Total                     | <u>\$ 22,717,505</u> | <u>\$ 21,580,959</u> |

#### 6. FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available.

# LEARNING POLICY INSTITUTE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

|                |   |
|----------------|---|
| Level 1 Inputs | Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. |
| Level 2 Inputs | Inputs other than quoted prices in active markets that are observable either directly or indirectly.                        |
| Level 3 Inputs | Unobservable inputs for the asset or liability.   |

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

The Institute's assets subject to recurring fair value measurements are classified as follows:

The Institute's investments in cash equivalents, exchange traded funds and mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

## 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

|   | <u>2025</u>      | <u>2024</u>      |
|---|------------------|------------------|
| Equipment                                       | \$ 174,752       | \$ 147,593       |
| Leasehold improvements                          | 9,170            | 39,617           |
| Furniture and fixtures                          | 9,365            | 33,188           |
| Less: accumulated depreciation and amortization | <u>(155,366)</u> | <u>(181,403)</u> |
| Property and equipment, net                     | <u>\$ 37,921</u> | <u>\$ 38,995</u> |

# LEARNING POLICY INSTITUTE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

### 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions contain the following restrictions:

|                                       | <u>2025</u>         | <u>2024</u>          |
|---------------------------------------|---------------------|----------------------|
| Purpose restricted:                   |                     |                      |
| Educator Quality                      | \$ 3,781,427        | \$ 4,551,196         |
| Whole Child Education/Deeper Learning | 718,743             | 2,765,626            |
| Equitable Resources and Access        | 383,001             | 287,671              |
| Early Care and Education              | 68,446              | 149,840              |
| Time Restricted                       | <u>3,467,342</u>    | <u>2,874,104</u>     |
| Total                                 | <u>\$ 8,418,959</u> | <u>\$ 10,628,437</u> |

### 9. LEASE OBLIGATIONS

The Institute leases office space for its operations under one non-cancelable operating lease at December 31, 2025, and two non-cancelable operating leases at December 31, 2024. The lease for the Institute's Palo Alto, California location originally expired in 2026, with an option to extend an additional 5 years. This option to extend was not recognized as part of the Institute's ROU assets or lease liability at December 31, 2024. This lease was terminated early by the lessor in September 2025, and therefore the Institute recognized a gain on lease termination of \$144,148 during 2025. The lease for the Institute's Washington, D.C. location expires in 2031, with an option to extend an additional 5 years, and includes an option to terminate in 2027. Neither the option to extend or terminate the lease are recognized as part of the Institute's ROU assets or lease liability. The Washington D.C. lease is included on the December 31, 2025, statement of financial position as ROU assets and operating lease liability of \$1,766,119 and \$2,001,656, respectively. Both leases are included on the December 31, 2024, statement of financial position as ROU assets and operating lease liability of \$2,992,583 and \$3,499,652, respectively. Lease expense for 2025, and 2024, totaled \$802,495 and \$959,823, respectively. Cash paid for amounts included in the measurement of operating lease liabilities totaled \$932,057 and \$1,096,914 for 2025, and 2024, respectively.

The ROU assets and operating lease liability were calculated using a risk-free discount rate of 3% for both leases. As of December 31, 2025 the remaining lease term of the Washington DC lease was 5.75 years. As of December 31, 2024, the weighted-average remaining lease term for all operating leases was 5.05 years.

Maturities of the lease liability for these leases are as follows:

|                              |                     |
|------------------------------|---------------------|
| 2026                         | \$ 358,385          |
| 2027                         | 367,363             |
| 2028                         | 376,560             |
| 2029                         | 385,946             |
| 2030                         | 395,580             |
| Thereafter                   | <u>302,227</u>      |
| Total lease payments         | 2,186,061           |
| Less: present value discount | <u>(184,405)</u>    |
| Total                        | <u>\$ 2,001,656</u> |

# LEARNING POLICY INSTITUTE

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

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### 10. EMPLOYEE RETENTION TAX CREDIT

During the year ended December 31, 2025, the Institute recognized revenue totaling \$884,988 related to the Employee Retention Tax Credit (ERTC) and \$142,639 in interest income on the credits. During the year ended December 31, 2024, the Institute recognized revenue totaling \$226,066 related to the ERTC and \$30,610 in interest income on the credits. Laws and regulations concerning government programs, including the Employee Retention Credit established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Institute's claim to the ERTC, and it is not possible to determine the impact (if any) this would have upon the Institute.

### 11. RETIREMENT PLAN

The Institute sponsors a 403(b) retirement plan for its employees. For 2025 and 2024, the Institute contributed up to 6% of each employee's eligible compensation, consisting of a "safe harbor" contribution equal to 3%, and a 50% matching contribution on the first 6% of an employee's contribution. Beginning in 2024, the Institute also contributes up to 3% of each employee's eligible compensation as a match on qualified student loan payments. The qualified student loan match is 50% of the employee's student loan payments, up to 3% of their compensation. Contributions to the 403(b) plan totaled \$621,080 and \$537,612 in 2025 and 2024, respectively.

The Institute also sponsors a 457 deferred salary plan for certain employees. The 457 Plan allows for additional Institute contributions and salary deferrals. Contributions to the 457 Plan are considered deferred compensation until certain future date conditions are met. Contributions to the 457 plan totaled \$20,033 and \$18,294 in 2025 and 2024, respectively.