




Bill of Rights Institute

Independent Auditor's Report and Financial Statements

December 31, 2025 and 2024



Bill of Rights Institute
Contents
December 31, 2025 and 2024

Independent Auditor’s Report..... 1

Financial Statements

 Statements of Financial Position..... 3

 Statements of Activities 4

 Statements of Functional Expenses..... 5

 Statements of Cash Flows 6

 Notes to Financial Statements 7

Independent Auditor's Report

Board of Directors
Bill of Rights Institute
Arlington, Virginia

Opinion

We have audited the financial statements of Bill of Rights 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 accompanying financial statements present fairly, in all material respects, the financial position of Bill of Rights 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 (GAAS). 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 Bill of Rights 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 Bill of Rights Institute's ability to continue as a going concern within one year after the date that these 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 GAAS 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 GAAS, 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 Bill of Rights 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 Bill of Rights 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.

Forvis Mazars, LLP

**Kansas City, Missouri
April 21, 2026**

Bill of Rights Institute
Statements of Financial Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash	\$ 1,826,855	\$ 1,077,301
Investments	4,141,630	2,576,878
Accounts receivable	45,001	43,374
Contributions receivable	3,889,300	1,263,465
Other assets	221,258	108,445
Property and equipment - net	6,727	18,084
Right-of-use assets - operating leases	<u>2,162,976</u>	<u>2,502,251</u>
Total Assets	<u>\$ 12,293,747</u>	<u>\$ 7,589,798</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,172,207	\$ 684,104
Deferred revenue	97,573	16,667
Operating lease liabilities, net	<u>2,592,105</u>	<u>2,979,849</u>
Total Liabilities	<u>3,861,885</u>	<u>3,680,620</u>
Net Assets		
Without donor restrictions	4,946,713	1,377,768
With donor restrictions	<u>3,485,149</u>	<u>2,531,410</u>
Total Net Assets	<u>8,431,862</u>	<u>3,909,178</u>
Total Liabilities and Net Assets	<u>\$ 12,293,747</u>	<u>\$ 7,589,798</u>

**Bill of Rights Institute
Statements of Activities
Years Ended December 31, 2025 and 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support						
Contributions of cash and financial assets	\$ 9,704,285	\$ 5,689,667	\$ 15,393,952	\$ 5,060,496	\$ 4,240,433	\$ 9,300,929
Contributions of nonfinancial assets	636,800	-	636,800	866,590	-	866,590
Service revenue	221,596	-	221,596	321,800	-	321,800
Investment return	135,314	-	135,314	84,783	-	84,783
Other income	72,104	-	72,104	44,137	-	44,137
Net assets released from restriction	4,735,928	(4,735,928)	-	3,106,281	(3,106,281)	-
Total Revenues, Gains, and Other Support	15,506,027	953,739	16,459,766	9,484,087	1,134,152	10,618,239
Program Services						
Expenses and losses						
Educational programs	7,352,770	-	7,352,770	6,859,467	-	6,859,467
Total Program Services	7,352,770	-	7,352,770	6,859,467	-	6,859,467
Supporting services						
Management and general	2,229,370	-	2,229,370	1,552,380	-	1,552,380
Fundraising	2,322,748	-	2,322,748	2,146,187	-	2,146,187
Total Supporting Services	4,552,118	-	4,552,118	3,698,567	-	3,698,567
Total Expenses and Losses	11,904,888	-	11,904,888	10,558,034	-	10,558,034
Inherent Contribution Received from Acquired Organization, Incubate Foundation, Inc. d/b/a Incubate Debate	-	-	-	24,271	-	24,271
Loss on Disposal of Incubate Foundation, Inc. d/b/a Incubate Debate	32,194	-	32,194	-	-	-
Change in Net Assets	3,568,945	953,739	4,522,684	(1,049,676)	1,134,152	84,476
Net Assets, Beginning of Year	1,377,768	2,531,410	3,909,178	2,427,444	1,397,258	3,824,702
Net Assets, End of Year	\$ 4,946,713	\$ 3,485,149	\$ 8,431,862	\$ 1,377,768	\$ 2,531,410	\$ 3,909,178

See Notes to Financial Statements

Bill of Rights Institute
Statements of Functional Expenses
Years Ended December 31, 2025 and 2024

	2025				Total
	Educational Programs	Management and General	Support Services		
			Fundraising	Total Support Services	
Salaries, taxes, and benefits	\$ 4,230,227	\$ 1,293,049	\$ 1,387,768	\$ 2,680,817	\$ 6,911,044
Digital content	136,600	-	53	53	136,653
Travel	498,810	36,128	155,620	191,748	690,558
Occupancy	343,473	98,669	105,896	204,565	548,038
Other professional fees	721,356	260,278	443,836	704,114	1,425,470
Marketing and communications	579,317	15,107	48,696	63,803	643,120
Printing and postage	86,155	1,219	27,440	28,659	114,814
Operations	56,934	493,654	48,104	541,758	598,692
Licenses and subscriptions	231,325	625	60,730	61,355	292,680
Incentives and prizes	261,590	-	-	-	261,590
Conferences and sponsorships	187,042	4,838	35,621	40,459	227,501
Supplies	19,941	25,803	8,984	34,787	54,728
Total expenses by function	<u>\$ 7,352,770</u>	<u>\$ 2,229,370</u>	<u>\$ 2,322,748</u>	<u>\$ 4,552,118</u>	<u>\$ 11,904,888</u>

	2024				Total
	Educational Programs	Management and General	Support Services		
			Fundraising	Total Support Services	
Salaries, taxes, and benefits	\$ 3,507,869	\$ 954,611	\$ 1,153,942	\$ 2,108,553	\$ 5,616,422
Digital content	264,166	-	-	-	264,166
Travel	547,431	8,504	111,879	120,383	667,814
Occupancy	300,069	69,422	97,788	167,210	467,279
Other professional fees	357,624	297,848	581,480	879,328	1,236,952
Marketing and communications	434,411	-	3,090	3,090	437,501
Printing and postage	126,882	2,590	51,756	54,346	181,228
Operations	87,415	171,501	36,315	207,816	295,231
Licenses and subscriptions	184,260	13,665	51,421	65,086	249,346
Incentives and prizes	739,608	11,048	13,455	24,503	764,111
Conferences and sponsorships	235,837	11,101	29,536	40,637	276,474
Supplies	73,895	12,090	15,525	27,615	101,510
Total expenses by function	<u>\$ 6,859,467</u>	<u>\$ 1,552,380</u>	<u>\$ 2,146,187</u>	<u>\$ 3,698,567</u>	<u>\$ 10,558,034</u>

Bill of Rights Institute
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ 4,522,684	\$ 84,476
Items not requiring (providing) cash		
Depreciation and amortization	1,357	1,357
Net realized/unrealized gain on investments	(89,752)	(85,274)
Donated securities	-	(52,218)
Noncash operating lease expense	339,275	315,533
Bad debt expense	-	10,331
Inherent contribution related to acquisition	-	(24,271)
Loss on disposal of Incubate Debate	32,194	-
Changes in		
Accounts receivable	(1,627)	7,370
Contributions receivable	(2,625,835)	926,345
Other assets	(135,007)	(32,116)
Accounts payable and accrued expenses	488,103	(88,086)
Deferred revenue	80,906	(208,122)
Operating lease liabilities, net	(387,744)	(190,909)
Net Cash Provided by Operating Activities	<u>2,224,554</u>	<u>664,416</u>
Investing Activities		
Purchases of investments	(4,925,000)	(6,099,713)
Proceeds from sale of investments	3,450,000	4,600,000
Cash assumed in acquisition of Incubate Foundation, Inc. d/b/a Incubate Debate	-	370
Net Cash Used in Investing Activities	<u>(1,475,000)</u>	<u>(1,499,343)</u>
Increase (Decrease) in Cash	749,554	(834,927)
Cash, Beginning of Year	<u>1,077,301</u>	<u>1,912,228</u>
Cash, End of Year	<u>\$ 1,826,855</u>	<u>\$ 1,077,301</u>

Incubate Foundation, Inc. d/b/a Incubate Debate was acquired by Bill of Rights Institute during the year ended December 31, 2024. As part of this transaction, assets were recognized, liabilities were assumed, and a contribution was received from Incubate Foundation, Inc. d/b/a Incubate Debate, as follows:

	<u>2024</u>
Fair value of assets recognized	\$ 42,896
Liabilities assumed	<u>(18,625)</u>
Inherent contribution from acquired organization, Incubate Foundation, Inc. d/b/a Incubate Debate	<u>\$ 24,271</u>

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Bill of Rights Institute (“the Institute”) is a not-for-profit organization whose mission and principal activities are to educate the public about the U.S. Constitution and the Bill of Rights. The Institute’s revenues and other support are derived primarily from contributions, and its activities are conducted throughout the United States of America.

Use of Estimates

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

Cash

The Institute considers all liquid investments with original maturities of three months or less to be cash equivalents. The Institute does not consider uninvested cash held in investment accounts as cash or cash equivalents. At December 31, 2025 and 2024, the Institute had no cash equivalents.

At December 31, 2025, the Institute’s cash accounts exceeded federally insured limits by approximately \$1,602,000.

Investments and Net Investment Return

The Institute measures securities at fair value. Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Money market mutual funds, held as a portion of the Institute’s investment portfolio, are not considered to be cash equivalents.

Investment return that is initially restricted by donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction. Other investment return is reflected in the statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. At December 31, 2025 and 2024, there were no investments which were subject to donor restriction.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Institute has an unconditional right to receive. The Institute provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts.

Accounts receivable balances that are determined to be uncollectible are included in the allowance for credit losses. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on the information available, the Institute believes the allowance for credit losses as of December 31, 2025 and 2024 is adequate. An allowance for credit loss of \$0 was recorded at December 31, 2025 and 2024.

Contributions Receivable

Contributions receivable consist of amounts due to the Institute based on amounts defined in the unconditional agreements. The Institute provides an allowance for uncollectible contributions, which is based upon a review of outstanding receivables, historical collection information, and existing conditions. All contributions receivable are expected to be received within one year.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor restrictions. Restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Contributions

Contributions are provided to the Institute either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions.

Conditional gifts, with or without restriction, are gifts that depend on the Institute overcoming a donor-imposed barrier to be entitled to the funds and are not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met.

Unconditional gifts, with or without restriction, received at date of gift, such as cash and other assets, are recognized at fair value and property, equipment, and long-lived assets, are recognized at estimated fair value. Unconditional gifts, with or without restriction, expected to be collected in one year are recognized at net realizable value, and when collected in future years, are initially reported at fair value determined using the discounted present value of estimated future cash flows technique.

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Contributed Nonfinancial Assets

The value of contributed services that are considered specialized and can be estimated are reflected in the accompanying financial statements. During 2025 and 2024, the Institute received \$636,800 and \$866,590, respectively, of contributed services (see Note 7). These items have been recorded among the various functional expense categories and as contributions without donor restrictions in the accompanying financial statements.

**Bill of Rights Institute
Notes to the Financial Statements
December 31, 2025 and 2024**

Property and Equipment

Property and equipment acquisitions over \$10,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Civics and economics digital textbook	3 years
Furniture and equipment	3 to 15 years
Vehicles	7 years

Income Taxes

The Institute is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Institute is subject to federal income tax on any unrelated business taxable income. The Institute files tax returns in the U.S. federal jurisdiction.

Marketing and Communications

The Institute utilizes print and digital advertisement to increase their reach to educators in furtherance of its mission. These costs are expensed as incurred and totaled \$643,120 and \$437,501 for the years ended December 31, 2025 and 2024, respectively. These costs are charged directly to the programs they benefit and the remainder is allocated using the functional expense methodology.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to the Institute’s customers, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. See Note 13 for additional information about the Institute’s service revenue.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Personnel, occupancy, and professional fee expenses are allocated based on time incurred and space occupied, respectively, by Institute personnel. Program costs include expenditures directly attributable to various programs.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 financial statement presentation. These reclassifications had no effect on net earnings.

Bill of Rights Institute
Notes to the Financial Statements
December 31, 2025 and 2024

Note 2. Conditional Gift Receivable

The Institute has received the following conditional promises to give at December 31, 2025 and 2024 that are not recognized in the financial statements:

	<u>2025</u>	<u>2024</u>
Conditional promise to give upon completion of the digital textbook	\$ -	\$ 100,000
Conditional promise to give upon incurrence of allowable expenditures	500,000	-
Conditional promise to give upon completion of milestones	215,000	-

Note 3. Contributions Receivable

Contributions receivable consisted of the following:

	<u>2025</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Due within one year	\$ 2,152,050	\$ 1,737,250	\$ 3,889,300

	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Due within one year	\$ 101,354	\$ 1,162,111	\$ 1,263,465

Note 4. Investments and Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Bill of Rights Institute
Notes to the Financial Statements
December 31, 2025 and 2024

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2025 and 2024:

	Fair Value Measurements			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2025				
Money market mutual fund	\$ 4,141,630	\$ 4,141,630	\$ -	\$ -
2024				
Money market mutual fund	\$ 2,576,878	\$ 2,576,878	\$ -	\$ -

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 5. Property and Equipment

Property and equipment for the years ended December 31, 2025 and 2024 consists of:

	2025	2024
Civics and economics digital textbook	\$ 838,981	\$ 838,981
Furniture and equipment	23,107	23,107
Vehicles	-	10,000
Total property and equipment	862,088	872,088
Less accumulated depreciation and amortization	(855,361)	(854,004)
	<u>\$ 6,727</u>	<u>\$ 18,084</u>

Note 6. Leases

Accounting Policies

The Institute determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Institute determines lease classification as operating or finance at the lease commencement date.

The Institute combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office building.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Institute has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Institute is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Institute has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Institute has entered into the following lease arrangement:

Operating Lease

The Institute has a lease for office space that expires on April 30, 2031. This lease does not include any renewal options and requires the Institute to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule of an approximate 2.5% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Institute has no material related-party leases.

The Institute's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Bill of Rights Institute
Notes to the Financial Statements
December 31, 2025 and 2024

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2025 and 2024 are:

	<u>2025</u>	<u>2024</u>
Operating lease costs	\$ 451,457	\$ 451,457
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows from operating leases	\$ 387,744	\$ 326,833
Weighted-average remaining lease term - operating leases	5.33 years	6.33 years
Weighted-average discount rate - operating leases	4.05%	4.05%

Future minimum lease payments and reconciliation to the statements of financial position at December 31, 2025, are as follows:

2026	\$ 519,763
2027	523,727
2028	536,751
2029	550,098
2030	563,776
Thereafter	<u>190,602</u>
Total future undiscounted lease payments	2,884,717
Less interest	<u>(292,612)</u>
Operating lease liabilities, net	<u>\$ 2,592,105</u>

Note 7. Contributed Nonfinancial Assets

For the years ended December 31, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities were utilized as follows:

2025		
<u>Contributed Items</u>	<u>Valuation</u>	<u>Amount</u>
Professional services such as legal, accounting, development, and advertising	Fair value based on current rates for similar services	\$ 636,800
2024		
<u>Contributed Items</u>	<u>Valuation</u>	<u>Amount</u>
Professional services such as legal, accounting, development, and advertising	Fair value based on current rates for similar services	\$ 866,590

The nonfinancial assets listed above are recognized within revenue. Contributed nonfinancial assets did not have donor-imposed restrictions. Contributions of in-kind services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

**Bill of Rights Institute
Notes to the Financial Statements
December 31, 2025 and 2024**

Note 8. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose		
Educational program services	\$ 1,747,899	\$ 1,369,299
Subject to specified purpose and passage of time		
Contributions receivable, the proceeds from which have been restricted by donors for educational program services	<u>1,737,250</u>	<u>1,162,111</u>
	<u>\$ 3,485,149</u>	<u>\$ 2,531,410</u>

Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31 are considered undesignated by the Institute.

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions		
Educational program services	\$ 4,735,928	\$ 3,106,281

Note 9. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2025 and 2024, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash	\$ 1,826,855	\$ 1,077,301
Investments	4,141,630	2,576,878
Accounts receivable	45,001	43,374
Contributions receivable	<u>3,889,300</u>	<u>1,263,465</u>
Total financial assets	9,902,786	4,961,018
Less: restricted by donors	<u>(3,485,149)</u>	<u>(2,531,410)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,417,637</u>	<u>\$ 2,429,608</u>

**Bill of Rights Institute
Notes to the Financial Statements
December 31, 2025 and 2024**

The Institute receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Institute manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Institute has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. The Institute has a policy to target a year-end balance of reserves without donor restriction and which are undesignated by the board to meet 90 days of expected expenditures. To achieve these targets, the Institute forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2025 and 2024, the level of liquidity and reserves was managed within the policy requirements.

Note 10. Retirement Plan

The Institute has a defined contribution plan covering all eligible employees. The Institute matches 100% of the participant's employee compensation up to 5% of the participant's compensation. Matching amounts are immediately vested. The total amount incurred for these benefits for the years ended December 31, 2025 and 2024 were \$199,990 and \$172,486, respectively.

Note 11. Incubate Foundation, Inc. d/b/a Incubate Debate

On August 29, 2024, substantially all assets of Incubate Foundation, Inc. d/b/a Incubate Debate (Incubate Debate) were acquired through a grant agreement by the Institute. The organization was acquired to expand their programs in the area of teaching young Americans the power and practice of debate. No consideration was or will be transferred.

The following table summarizes the amounts of the assets and liabilities recognized at August 29, 2024:

Cash	\$	370
Accounts receivable		10,331
Other current assets		22,195
Vehicle		10,000
Accrued scholarship liabilities		<u>(18,625)</u>
 Total identifiable net assets - contribution received	 \$	 <u><u>24,271</u></u>

An inherent contribution received of \$24,271 represents the net recognized amount of the identifiable assets over the liabilities as of August 29, 2024.

Effective January 30, 2025, the Institute terminated the acquisition of Incubate Debate and recorded a loss on disposal of \$32,194 within the statement of activities.

Note 12. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 72% and 52% of contributions were received from three and two donors during the years ended December 31, 2025 and 2024, respectively.

Contributions Receivable

Approximately 84% and 79% of contributions receivable is outstanding from two and one donors during the years ended December 31, 2025 and 2024, respectively.

Functional Allocation of Expenses

As discussed in Note 1, certain costs have been allocated among the program, management and general, and fundraising categories based on management's estimate of usage and other methods.

General Litigation

The Institute is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Institute. Events could occur that would change this estimate materially in the near term.

Note 13. Revenue from Contracts with Customers

Performance Obligations

Revenue is measured as the amount of consideration the Institute expects to receive in exchange for transferring distinct goods or providing services to customers. The Institute's service revenue consists substantially of consulting services and the production of events in line with the mission of the Institute.

The Institute sells its services directly to end customers. The Institute typically retains the primary responsibility for performance of the services when selling directly to end customers. For services, revenue is recognized when the service is performed, and the Institute has an enforceable right to payment. Service revenue does not represent a significant portion of the Institute's total support.

Event Revenue - Revenue from events is reported at the amount that reflects the consideration to which the Institute expects to be entitled in exchange for events. Revenue from events is recognized over the time that the promised event occurs. Revenue recognized reflects the consideration expected in exchange for these services.

Consulting Revenue - Performance obligations are determined based on the nature of the goods or services provided by the Institute. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Institute believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Transaction Price and Recognition

The Institute determines the transaction price based on standard charges for services provided and generally does not provide explicit or implicit price concessions.

Bill of Rights Institute
Notes to the Financial Statements
December 31, 2025 and 2024

The Institute has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payers (for example, customer, governmental programs, and others) that have different reimbursement and payment methodologies
- Geography of the service location
- Institute's line of business that provided the service

For the years ended December 31, 2025 and 2024, the Institute recognized revenue of \$221,596 and \$321,800 from goods and services that transferred over time. For the years ended December 31, 2025 and 2024, the Institute recognized no revenue from goods and services that transferred at a point in time.

Contract Balances

The following table provides information about the Institute's receivables from contracts with customers:

	<u>2025</u>	<u>2024</u>
Accounts receivable, beginning of year	\$ 43,374	\$ 50,744
Accounts receivable, end of year	29,680	43,374
Deferred revenue, beginning of year	16,667	191,455
Deferred revenue, end of year	97,573	16,667

Amounts included in accounts receivable above are only those that relate to contracts with customers. Remaining amounts of accounts receivable recorded are for other items.

Note 14. Scholarships

The Institute had commitments relating to its awarded scholarships through the acquisition of Incubate Debate that were conditional upon the awardee's graduation from high school and continuous enrollment in a higher education program. These awarded scholarships, therefore, have not been recognized as a liability. Future conditional commitments were \$223,500 as of December 31, 2024 and were expected to be paid through December 31, 2029 as follows:

	<u>2025</u>	<u>2024</u>
Due within one year	\$ -	\$ 47,875
Due within one to five years	-	175,625
	<u>\$ -</u>	<u>\$ 223,500</u>

Effective January 30, 2025, the Institute terminated the acquisition of Incubate Debate and was legally released of their conditional commitments to pay scholarships.

Note 15. Subsequent Events

Subsequent events have been evaluated through April 21, 2026, which is the date the financial statements were available to be issued.