

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

Financial Statements

For the Years Ended September 30, 2021 and 2020

 **BUCHBINDER**

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Financial Statements
For the Years Ended September 30, 2021 and 2020

INDEX

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-8
Statements of Cash Flows	9
Notes to Financial Statements	10-21



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Manhattan Institute for Policy Research, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Manhattan Institute for Policy Research, Inc. (the "Institute"), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

One Pennsylvania Plaza, Suite 3200 • New York, NY 10119 • 212.695.5003

— With offices in New Jersey and Maryland —

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manhattan Institute for Policy Research, Inc. as of September 30, 2021 and 2020, 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.

Buchbinder Tunick & Company LLP

BUCHBINDER TUNICK & COMPANY LLP

New York, NY
May 10, 2022

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Statements of Financial Position
September 30, 2021 and 2020

	2021	2020
ASSETS		
Assets:		
Cash and cash equivalents	\$ 6,394,152	\$ 5,047,103
Investment securities	12,905,899	12,405,400
Unconditional promises to give	1,640,500 *	1,540,000 *
Prepaid expenses and other receivables	554,579	544,799
Inventory of books	-	43,555
Net property assets	654,320	102,828
Security deposits	249,008	265,091
Total assets	\$ 22,398,458	\$ 19,948,776
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 319,196	\$ 267,030
Accrued salaries and payroll taxes	112,267	347,031
Accrued pension	665,000	466,119
Deferred subscription income	102,737	78,733
Deferred rent	73,493	147,225
Total liabilities	1,272,693	1,306,138
Commitments		
Net assets:		
Without donor restrictions	19,435,265	18,335,546
With donor restrictions	1,690,500	307,092
Total net assets	21,125,765	18,642,638
Total liabilities and net assets	\$ 22,398,458	\$ 19,948,776

* Payable over a period of one to five years.

See notes to financial statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Statements of Activities
For the years ended September 30, 2021 and 2020

	For the year ended September 30, 2021			For the year ended September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and other support:						
Contributions	\$ 7,791,709	\$ 6,547,214	\$ 14,338,923	\$ 8,012,985	\$ 7,704,508	\$ 15,717,493
Special event revenue (net of costs of donor benefits of \$325,092 and \$-0- for the years ended September 30, 2021 and 2020, respectively)	2,112,247	-	2,112,247	2,172,464	-	2,172,464
Subscription income and publication sales	107,743	-	107,743	83,332	-	83,332
Royalties	4,839	-	4,839	7,178	-	7,178
Other	129,431	-	129,431	-	-	-
Investment income	156	-	156	48,715	-	48,715
Realized gains on sale of investments	1,529	-	1,529	497,027	-	497,027
Unrealized gains (losses) on investments	1,490,176	-	1,490,176	(72,481)	-	(72,481)
	<u>11,637,830</u>	<u>6,547,214</u>	<u>18,185,044</u>	<u>10,749,220</u>	<u>7,704,508</u>	<u>18,453,728</u>
Net assets released from purpose restrictions	<u>5,163,806</u>	<u>(5,163,806)</u>	<u>-</u>	<u>7,970,063</u>	<u>(7,970,063)</u>	<u>-</u>
Total operating revenue and other support	<u>16,801,636</u>	<u>1,383,408</u>	<u>18,185,044</u>	<u>18,719,283</u>	<u>(265,555)</u>	<u>18,453,728</u>
Operating expenses:						
Program services:						
Research and Publications	929,760	-	929,760	1,067,922	-	1,067,922
Education	1,004,701	-	1,004,701	1,284,907	-	1,284,907
Center for State and Local Leadership	1,772,858	-	1,772,858	2,804,278	-	2,804,278
e21-Economic Policies for the 21st Century	751,181	-	751,181	747,330	-	747,330
Center for Legal Policy	750,634	-	750,634	814,512	-	814,512
City Journal	4,234,859	-	4,234,859	3,573,876	-	3,573,876
Conferences and Seminars	206,925	-	206,925	638,066	-	638,066
Center for Medical Progress	408,727	-	408,727	456,774	-	456,774
Energy Center	888,219	-	888,219	808,280	-	808,280
Special Projects	259,407	-	259,407	381,117	-	381,117
The Adam Smith Society	1,191,233	-	1,191,233	2,023,041	-	2,023,041
Civil Society	323,300	-	323,300	-	-	-
Policing and Public Safety	421,100	-	421,100	-	-	-
Total program services	<u>13,142,904</u>	<u>-</u>	<u>13,142,904</u>	<u>14,600,103</u>	<u>-</u>	<u>14,600,103</u>
Supporting activities:						
Fundraising	354,018	-	354,018	549,988	-	549,988
Communications	608,572	-	608,572	1,156,188	-	1,156,188
Marketing	698,630	-	698,630	-	-	-
Management and general	897,793	-	897,793	1,070,041	-	1,070,041
Total supporting activities	<u>2,559,013</u>	<u>-</u>	<u>2,559,013</u>	<u>2,776,217</u>	<u>-</u>	<u>2,776,217</u>
Total expenses	<u>15,701,917</u>	<u>-</u>	<u>15,701,917</u>	<u>17,376,320</u>	<u>-</u>	<u>17,376,320</u>
Change in net assets	1,099,719	1,383,408	2,483,127	1,342,963	(265,555)	1,077,408
Net assets:						
Beginning of year	18,335,546	307,092	18,642,638	16,992,583	572,647	17,565,230
End of year	<u>\$ 19,435,265</u>	<u>\$ 1,690,500</u>	<u>\$ 21,125,765</u>	<u>\$ 18,335,546</u>	<u>\$ 307,092</u>	<u>\$ 18,642,638</u>

See notes to financial statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.

**Statements of Functional Expenses
For the year ended September 30, 2021**

	Program Services													Total Program Services
	Research and Publications	Education	Center for State and Local Leadership	e21-Economic Policies for the 21st Century	Center for Legal Policy	City Journal	Conferences and Seminars	Center for Medical Progress	Energy Center	Special Projects	The Adam Smith Society	Civil Society	Policing and Public Safety	
Personnel costs:														
Payroll, including fellowships	\$ 648,407	\$ 701,623	\$ 1,068,241	\$ 498,536	\$ 533,864	\$ 2,426,109	\$ -	\$ 297,449	\$ 634,189	\$ 198,888	\$ 690,226	\$ 138,628	\$ 299,079	\$ 8,135,239
Payroll taxes and employee benefits	134,624	166,426	201,012	123,393	106,672	497,734	-	63,761	131,656	15,954	157,052	23,183	51,820	1,673,287
Total personnel costs, 2021	783,031	868,049	1,269,253	621,929	640,536	2,923,843	-	361,210	765,845	214,842	847,278	161,811	350,899	9,808,526
Office rent, utilities and building maintenance	13,103	14,233	19,400	12,884	9,905	46,140	-	4,946	14,015	1,426	14,479	2,509	6,480	159,520
Chapter expenses	-	-	-	-	-	-	-	-	-	-	32,836	-	-	32,836
Professional fees	33,231	36,096	56,814	27,603	25,120	119,416	-	12,544	35,543	3,617	37,487	6,745	16,434	410,650
Consultants	11,421	12,405	78,747	9,486	9,008	201,142	8,370	4,311	12,215	2,927	50,231	2,169	3,147	405,579
Computer support	-	-	-	-	-	-	-	-	-	1,953	-	-	-	1,953
Events, speakers' fees, and internal meetings	432	469	64,879	15,859	6,827	66,706	151,441	163	812	26,547	97,312	136,846	1,054	569,347
Transportation, travel, and business meals	1,239	-	16,959	6,384	1,887	3,402	14,355	552	1,024	218	2,518	224	154	48,916
Telephone	1,330	1,445	2,179	1,457	1,005	5,969	-	502	1,422	892	2,589	197	756	19,743
Postage and mailing	2,101	2,282	3,181	1,771	1,588	16,942	2,646	793	2,247	229	3,390	399	1,039	38,608
Equipment	16,866	18,320	25,175	14,842	12,749	66,252	81	7,341	18,040	1,836	20,676	3,202	8,342	213,722
Writer's fees	5,863	3,516	38,181	10,931	3,079	288,176	750	464	1,190	354	1,167	907	17,019	371,597
Proofreaders	25,042	111	151	85	77	21,944	399	39	109	11	112	218	50	48,348
Photography, illustrations and artwork	183	199	521	152	138	66,625	3,967	69	608	20	201	34	90	72,807
Prepress and printing	2,353	2,556	3,483	1,954	1,779	271,019	16,156	888	2,517	256	2,592	2,839	1,164	309,556
Complimentary books	-	-	116	-	-	-	8,323	-	-	17	21,296	101	-	29,853
Marketing and advertising	178	193	263	148	134	626	-	67	190	19	17,074	35	87	19,014
Research	7,618	14,979	149,982	1,829	15,948	10,684	-	4,424	2,870	240	2,479	418	1,089	212,560
Office expenses	22,745	26,564	39,097	21,355	18,568	115,326	437	9,273	26,338	3,674	34,185	4,072	11,801	333,435
Depreciation	3,024	3,284	4,477	2,512	2,286	10,647	-	1,141	3,234	329	3,331	574	1,495	36,334
Total 2021	\$ 929,760	\$ 1,004,701	\$ 1,772,858	\$ 751,181	\$ 750,634	\$ 4,234,859	\$ 206,925	\$ 408,727	\$ 888,219	\$ 259,407	\$ 1,191,233	\$ 323,300	\$ 421,100	\$ 13,142,904

See notes to financial statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Statements of Functional Expenses (Continued)
For the year ended September 30, 2021

	Supporting Activities						Total
	Total Program Services	Fundraising	Communications	Marketing	Management and General	Total Supporting Activities	
Personnel costs:							
Payroll, including fellowships	\$ 8,135,239	\$ 175,767	\$ 305,393	\$ 319,386	\$ 406,144	\$ 1,206,690	\$ 9,341,929
Payroll taxes and employee benefits	<u>1,673,287</u>	<u>40,163</u>	<u>70,961</u>	<u>67,344</u>	<u>91,624</u>	<u>270,092</u>	<u>1,943,379</u>
Total personnel costs, 2021	9,808,526	215,930	376,354	386,730	497,768	1,476,782	11,285,308
Office rent, utilities and building maintenance	159,520	15,585	27,077	-	36,011	78,673	238,193
Chapter expenses	32,836	-	-	-	-	-	32,836
Professional fees	410,650	39,525	68,670	8,342	165,743	282,280	692,930
Consultants	405,579	13,584	23,601	27,063	31,384	95,632	501,211
Computer support	1,953	-	38	-	-	38	1,991
Events, speakers' fees, and internal meetings	569,347	514	892	224	1,187	2,817	572,164
Transportation, travel, and business meals	48,916	6,910	2,133	564	22,509	32,116	81,032
Telephone	19,743	1,582	3,433	-	3,655	8,670	28,413
Postage and mailing	38,608	2,499	4,341	1,083	5,774	13,697	52,305
Equipment	213,722	20,061	34,851	8,699	46,352	109,963	323,685
Writer's fees	371,597	45	36	-	104	185	371,782
Proofreaders	48,348	121	265	-	280	666	49,014
Photography, illustrations and artwork	72,807	217	472	2,911	502	4,102	76,909
Prepress and printing	309,556	2,798	4,862	15,125	6,466	29,251	338,807
Complimentary books	29,853	-	1,347	-	-	1,347	31,200
Marketing and advertising	19,014	211	367	231,874	488	232,940	251,954
Research	212,560	2,619	4,550	-	6,051	13,220	225,780
Office expenses	333,435	28,221	49,035	14,456	65,209	156,921	490,356
Depreciation	<u>36,334</u>	<u>3,596</u>	<u>6,248</u>	<u>1,559</u>	<u>8,310</u>	<u>19,713</u>	<u>56,047</u>
Total 2021	<u>\$ 13,142,904</u>	<u>\$ 354,018</u>	<u>\$ 608,572</u>	<u>\$ 698,630</u>	<u>\$ 897,793</u>	<u>\$ 2,559,013</u>	<u>\$ 15,701,917</u>

See notes to financial statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Statements of Functional Expenses
For the year ended September 30, 2020

	Research and Publications	Education	Center for State and Local Leadership	e21-Economic Policies for the 21st Century	Center for Legal Policy	City Journal	Conferences and Seminars	Center for Medical Progress	Energy Center	Special Projects	The Adam Smith Society	2020 Total Program Services
Personnel costs:												
Payroll, including fellowships	\$ 761,932	\$ 839,465	\$ 1,791,202	\$ 488,849	\$ 529,367	\$ 2,104,169	\$ 270,334	\$ 304,412	\$ 473,126	\$ 217,870	\$ 892,377	\$ 8,673,103
Payroll taxes and employee benefits	119,101	185,899	233,697	92,754	107,173	384,495	54,920	60,395	88,223	10,132	177,745	1,514,534
Total personnel costs, 2020	881,033	1,025,364	2,024,899	581,603	636,540	2,488,664	325,254	364,807	561,349	228,002	1,070,122	10,187,637
Office rent, utilities and building maintenance	65,367	71,885	127,758	66,795	38,468	157,865	17,728	24,553	41,525	3,799	73,155	688,898
Chapter expenses	-	-	-	-	-	-	-	-	-	-	169,760	169,760
Professional fees	9,881	10,866	19,306	5,739	5,815	23,863	2,679	3,711	6,277	574	14,313	103,024
Consultants	12,872	14,194	103,915	11,976	8,170	194,477	3,491	14,452	10,677	748	18,703	393,675
Computer support	384	422	750	-	226	927	104	144	5,905	-	430	9,292
Events, speakers' fees, and internal meetings	1,301	10,369	247,156	20,415	6,890	8,744	247,327	21,691	7,513	140,076	361,845	1,073,327
Transportation, travel, and business meals	3,852	10,849	52,308	6,392	17,652	20,122	8,034	4,651	8,360	1,187	212,756	346,163
Telephone	2,105	2,314	6,152	1,222	1,239	9,354	891	790	1,787	2,341	7,684	35,879
Postage and mailing	2,622	2,528	4,535	1,685	1,532	22,371	803	892	1,458	136	7,369	45,931
Equipment	8,911	9,800	20,043	5,398	5,244	21,761	2,417	3,347	-	1,884	15,418	94,223
Writer's fees	-	-	50,405	4,267	-	265,667	-	-	-	-	-	320,339
Proofreaders	21,258	2,777	758	16,225	228	15,382	105	146	746	23	788	58,436
Photography, illustrations and artwork	1,280	1,108	4,099	1,303	959	61,400	3,537	293	495	45	2,559	77,078
Prepress and printing	3,170	3,281	9,065	2,350	8,988	156,354	13,719	1,789	1,871	172	10,964	211,723
Complimentary books	8,254	-	157	-	-	-	1,387	-	-	-	8,265	18,063
Marketing and advertising	19,386	21,318	39,692	11,259	11,409	47,479	5,258	7,282	12,315	1,127	26,036	202,561
Research	7,585	81,295	63,445	1,461	62,362	7,966	741	2,700	138,632	146	2,814	369,147
Royalties	3,673	-	-	-	-	-	-	-	-	-	-	3,673
Office expenses	9,669	10,687	19,442	6,151	5,660	58,633	3,148	3,528	5,991	548	14,107	137,564
Depreciation	5,319	5,850	10,393	3,089	3,130	12,847	1,443	1,998	3,379	309	5,953	53,710
Total 2020	<u>\$ 1,067,922</u>	<u>\$ 1,284,907</u>	<u>\$ 2,804,278</u>	<u>\$ 747,330</u>	<u>\$ 814,512</u>	<u>\$ 3,573,876</u>	<u>\$ 638,066</u>	<u>\$ 456,774</u>	<u>\$ 808,280</u>	<u>\$ 381,117</u>	<u>\$ 2,023,041</u>	<u>\$ 14,600,103</u>

See notes to financial statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Statements of Functional Expenses (Continued)
For the year ended September 30, 2020

	Supporting Activities					2020
	Total Program Services	Fundraising	Communications	Management and General	Total	
Personnel costs:						
Payroll, including fellowships	\$ 8,673,103	\$ 290,068	\$ 621,815	\$ 514,562	\$ 1,426,445	\$ 10,099,548
Payroll taxes and employee benefits	<u>1,514,534</u>	<u>48,827</u>	<u>104,670</u>	<u>86,617</u>	<u>240,114</u>	<u>1,754,648</u>
Total personnel costs, 2020	10,187,637	338,895	726,485	601,179	1,666,559	11,854,196
Office rent, utilities and building maintenance	688,898	84,932	182,066	150,664	417,662	1,106,560
Chapter expenses	169,760	-	-	-	-	169,760
Professional fees	103,024	12,838	17,284	145,126	175,248	278,272
Consultants	393,675	16,725	35,852	29,669	82,246	475,921
Computer support	9,292	499	11,306	885	12,690	21,982
Events, speakers' fees, and internal meetings	1,073,327	1,690	3,623	2,998	8,311	1,081,638
Transportation, travel, and business meals	346,163	24,223	28,819	15,012	68,054	414,217
Telephone	35,879	2,734	5,861	4,851	13,446	49,325
Postage and mailing	45,931	2,908	6,235	5,159	14,302	60,233
Equipment	94,223	11,579	24,821	20,540	56,940	151,163
Writer's fees	320,339	-	-	-	-	320,339
Proofreaders	58,436	504	1,081	894	2,479	60,915
Photography, illustrations and artwork	77,078	1,013	2,172	1,798	4,983	82,061
Prepress and printing	211,723	3,826	8,202	6,788	18,816	230,539
Complimentary books	18,063	-	296	-	296	18,359
Marketing and advertising	202,561	25,188	53,996	44,683	123,867	326,428
Research	369,147	3,268	7,004	5,796	16,068	385,215
Royalties	3,673	-	-	-	-	3,673
Office expenses	137,564	12,254	26,269	21,738	60,261	197,825
Depreciation	<u>53,710</u>	<u>6,912</u>	<u>14,816</u>	<u>12,261</u>	<u>33,989</u>	<u>87,699</u>
Total 2020	<u>\$ 14,600,103</u>	<u>\$ 549,988</u>	<u>\$ 1,156,188</u>	<u>\$ 1,070,041</u>	<u>\$ 2,776,217</u>	<u>\$ 17,376,320</u>

See notes to financial statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Statements of Cash Flows
For the years ended September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 2,483,127	\$ 1,077,408
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	56,047	87,699
Realized (gains) on sale of investments	(1,529)	(497,027)
Unrealized (gains) losses on investments	(1,490,176)	72,481
(Increase) decrease in operating assets:		
Unconditional promises to give	(100,500)	(732,000)
Prepaid expenses and other receivables	(9,780)	(438,607)
Inventory of books	43,555	5,595
Security deposits	16,083	-
Increase (decrease) in operating liabilities:		
Accounts payable	52,166	(195,043)
Accrued salaries and payroll taxes	(234,764)	347,031
Accrued pension	198,881	(270,686)
Deferred income	24,004	16,411
Deferred rent	(73,732)	(144,819)
Net cash provided by (used in) operating activities	963,382	(671,557)
Cash flows from investing activities:		
(Purchases of) investment securities	-	(6,144,465)
Proceeds from sales of investment securities	1,002,109	7,018,899
(Purchases of) property assets	(618,442)	(83,814)
Net cash provided by investing activities	383,667	790,620
Net increase in cash and cash equivalents	1,347,049	119,063
Cash and cash equivalents:		
Beginning of year	5,047,103	4,928,040
End of year	\$ 6,394,152	\$ 5,047,103

See notes to financial statements.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements
September 30, 2021 and 2020

Note 1 - Nature of Operations

Manhattan Institute for Policy Research, Inc. (the "Institute") was incorporated as a charitable organization under the provisions of the Not-for-Profit Corporation Law of the State of New York in 1977. The Institute is a think tank whose mission is to develop and disseminate new ideas that foster greater economic choice and individual responsibility.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Institute's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Institute is required to report information regarding its financial position and activities according to the following net asset classifications: net assets without donor restrictions and net assets with donor restrictions. The Institute has net assets with donor restrictions of \$1,690,500 and \$307,092 for the years ended September 30, 2021 and 2020, respectively.

Use of Estimates

The preparation of financial statements in accordance 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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Institute considers investments with a maturity of three months or less at time of purchase to be cash equivalents.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition

The Institute's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 4 for discussion of fair value measurements.

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

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of securities are recorded at the net proceeds received because such securities are usually disposed of upon receipt.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property Assets

Property assets are stated at cost. Repairs and maintenance, which do not materially extend the life of an asset, are expensed as incurred. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets ranging from three to ten years. Purchases costing \$10,000 or more are capitalized.

Deferred Rent

Deferred rent represents the difference between rental expense determined on a straight-line basis, in accordance with accounting principles generally accepted in the United States of America, and the stated amount per the lease agreement.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from purpose restrictions.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Subscription Income and Publications Sales

Proceeds from subscriptions to City Journal magazine are recorded as deferred income when received, then is recognized as income over the term of the subscription.

Sales of books and publications are recognized as income when distributed.

Functional Expenses

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

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll, including fellowships	Time and effort
Payroll taxes and employee benefits	Time and effort
Office rent, utilities and building maintenance	Time and effort
Professional fees:	
Legal fees and general	Time and effort
Consultants	Time and effort
Computer support	Time and effort
Events, speakers' fees, and internal meetings	Time and effort
Telephone	Time and effort
Postage and mailing	Time and effort
Equipment	Time and effort
Writer's fees	Time and effort
Proofreaders	Time and effort
Photography, illustrations and artwork	Time and effort
Prepress and printing	Time and effort
Marketing and advertising	Time and effort
Research	Time and effort
Office expenses	Time and effort
Depreciation	Time and effort

Marketing and Advertising Costs

The Institute expenses marketing and advertising costs as incurred. During the years ended September 30, 2021 and 2020, marketing and advertising expenses amounted to \$251,954 and \$326,428, respectively.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

The Institute files an annual Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service ("IRS"). At September 30, 2021, the Institute's Form 990s for the years 2018 through 2021 remain eligible for examination by the IRS.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent Events

The Institute has evaluated its September 30, 2021 financial statements for subsequent events and transactions through May 10, 2022, the date the financial statements were available to be issued.

Note 3 - Risks and Uncertainties

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

The Institute invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Institute's statements of financial position.

The Institute has 57% and 62% of its assets invested in hedge funds and limited partnerships investments at September 30, 2021 and 2020, respectively. As described further in Note 4, these investments are presented at fair value based upon NAV as provided by the hedge funds and general partners or trustees of the limited partnerships. These values include investments that have been estimated using inputs that are unobservable for the investments. Such estimated values may not necessarily represent amounts that will be ultimately realized in the near term through distribution, sale, or liquidation of the investments.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 4 - Fair Value Measurements

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. It defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Institute’s principal or most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date.

The fair value hierarchy generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity’s own assumptions based on market data and the entity’s judgments about the assumptions that market participants would use in pricing the asset or liability, and are to be developed based on the best information available in the circumstances.

The Institute determines the fair market value of its investments based on the established fair value definition and hierarchy levels. The three levels within the hierarchy that may be used to measure fair value are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs, including Level 1 prices that have been adjusted; quoted prices for similar assets or liabilities; quoted prices in markets that are less active than traded exchanges; and other inputs that are observable or can be substantially corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities.

The lowest level of input that is a significant component of the fair value measurements determines the placement of the entire fair value measurement in the hierarchy. The Institute’s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 4 - Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021 and 2020.

Hedge funds:

The hedge funds are valued at the net asset value (“NAV”) of units of the hedge funds. The NAV, as provided by each hedge fund, is used as a practical expedient to estimating fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Were the Institute to initiate a full redemption of the hedge fund, the investment adviser reserves the right to temporarily delay withdrawal from the hedge fund in order to ensure that securities liquidations will be carried out in an orderly business manner.

Limited partnerships:

The limited partnership interests are valued at the net asset value (“NAV”) of units of the limited partnerships. The NAV, as provided by the general partner or trustee, is used as a practical expedient to estimating fair value. The NAV is based on the fair value of the underlying investments held by the limited partnership less its liabilities. This practical expedient is not used when it is determined to be probable that the limited partnership will sell the investment for an amount different than the reported NAV. Were the Institute to initiate a full redemption of the limited partnership interests, the investment adviser reserves the right to temporarily delay withdrawal from the limited partnership in order to ensure that securities liquidations will be carried out in an orderly business manner.

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

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 4 - Fair Value Measurements (Continued)

The following table sets forth, by level, the Institute's assets that were accounted for at fair value on a recurring basis as of September 30, 2021:

Investments in securities:

	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments measured at NAV*:				
Hedge funds	\$ 10,374,069	\$ -	\$ -	\$ -
Limited partnerships	<u>2,531,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 12,905,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth, by level, the Institute's assets that were accounted for at fair value on a recurring basis as of September 30, 2020:

Investments in securities:

	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments measured at NAV*:				
Hedge funds	\$ 10,168,869	\$ -	\$ -	\$ -
Limited partnerships	<u>2,236,531</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 12,405,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 4 - Fair Value Measurements (Continued)

The investment objectives of each of the hedge funds and limited partnerships (“LP’s”) the Institute has invested in are as follows:

Hedge funds:

The capital appreciation fund is a multi-strategy fund with an event-driven focus, seeking to exploit situations in which announced or anticipated events create opportunities to invest in securities and other financial instruments at a discount to their exit values. The fund effects this strategy primarily by investing in: (i) securities and financial instruments of issuers that are (or are perceived to be) experiencing financial distress or are overleveraged, are attempting to complete an out-of-court restructuring, are involved in a bankruptcy or similar proceeding and/or are involved in substantial litigation, (ii) mergers and acquisitions (or “risk”) arbitrage situations where issuers are the subject of proposed changes in corporate structure or control, such as tender or exchange offers, mergers, unsolicited merger proposals, spin-offs, split-offs, liquidations and recapitalizations, and (iii) convertible arbitrage situations that attempt to extract value from the options “embedded” in convertible securities when such options appear mispriced relative to similar stand-alone options or historical volatility levels. The fund also invests in a long/short equities portfolio of securities that can be readily valued and trade at a discount or premium to the fair value of the underlying assets. Investment in the fund is redeemable on the last business day of any calendar quarter without any redemption charge, or on the last day of any other month, subject to a redemption charge equal to 1.5% of the proceeds. Redemption requires 60 days’ written notice. There are no unfunded commitments.

The multi-strategy hedge fund seeks to produce returns substantially in excess of those derived from risk-free investments, without a substantial increase in overall risk. The principal strategy of the fund is to identify and exploit inefficiencies in the global financial markets while minimizing exposure to market risk through hedging and other investment strategies that are generally intended not to be market-sensitive. Investment in the fund is redeemable annually on March 31 of every year with 60 days’ notice provided. The Institute would be subject to a redemption fee if redeeming within 3 years from the date of purchase. There are no unfunded commitments.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 4 - Fair Value Measurements (Continued)

Limited partnerships:

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

Note 5 - Unconditional Promises to Give

At September 30, 2021 and 2020, unconditional promises to give are as follows:

	<u>2021</u>	<u>2020</u>
Promises to give expected to be collected in:		
Less than one year	\$ 1,340,500	\$ 1,240,000
One to five years	<u>300,000</u>	<u>300,000</u>
Total unconditional promises to give	<u>\$ 1,640,500</u>	<u>\$ 1,540,000</u>

The Institute considers discounts to net present value immaterial. Uncollectible promises are expected to be insignificant.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 6 - Net Property Assets

Property assets, stated at cost, consist of the following for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures and equipment	\$ 1,406,873	\$ 1,097,445
Leasehold improvements	<u>516,771</u>	<u>223,332</u>
	1,923,644	1,320,777
Less: accumulated depreciation	<u>1,269,324</u>	<u>1,217,949</u>
Net property assets	<u>\$ 654,320</u>	<u>\$ 102,828</u>

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2021 and 2020 are being held in investments and are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Center for State and Local Leadership	\$ 860,000	\$ -
City Journal	250,000	-
The Adam Smith Society	325,000	-
Policing and Public Safety	100,000	250,000
Conferences and Seminars	16,500	-
Special Projects	125,000	-
Education	<u>14,000</u>	<u>57,092</u>
Net assets with donor restrictions	<u>\$ 1,690,500</u>	<u>\$ 307,092</u>

Note 8 - Pension Plan

The Institute has a money purchase pension plan covering all its full-time employees. Employees hired after January 2, 2006 become eligible for pension benefits on their date of hire. Prior to this date, employees required one year of employment to be eligible. Contributions of 8% of eligible compensation are to be made for the year-end September 30, 2021 and 2020. Pension expense for the years ended September 30, 2021 and 2020 was \$624,610 and \$392,386, respectively.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 9 - Commitments

Line of Credit

During June 2013, the Institute entered into a line of credit with a bank in the amount of \$1,500,000. The interest rate to be applied to the unpaid principal balance of this note will be at a rate of 2.507 percentage points over the LIBOR rate. The line is collateralized by the assets of the Institute. As of September 30, 2021, and through the date of this report, the Institute has not drawn against this line of credit.

Lease Commitments

The Institute occupies its main office premises under a noncancelable operating lease which was to expire in May 2021. During January 2021, the Institute agreed to extend this lease for another 15 years and 8 months, effective subsequent to the completion of certain construction on the premises. As part of the agreement, the Institute does not have to pay rent during the first, second, third, fourth, twenty-fifth, twenty-sixth, thirty-seventh and thirty-eighth month of the lease. The lease contains rent escalation clauses.

Future minimum rentals as of September 30, 2021 are as follows:

<u>Years Ending September 30,</u>	<u>Amount</u>
2022	\$ 571,522
2023	709,371
2024	656,168
2025	735,585
2026	819,483
Thereafter	<u>10,324,515</u>
Total	<u>\$ 13,816,644</u>

Rent expense was \$233,336 and \$1,055,898 for the years ended September 30, 2021 and 2020, respectively.

Note 10 - Related Party Transactions

Contributions received by the Institute from members of the Board of Trustees totaled \$6,521,632 and \$4,288,993 for the years ended September 30, 2021 and 2020. These contributions represent approximately 45% and 27% of total contributions for the years ended September 30, 2021 and 2020, respectively.

MANHATTAN INSTITUTE FOR POLICY RESEARCH, INC.
Notes to Financial Statements (Continued)
September 30, 2021 and 2020

Note 10 - Related Party Transactions (Continued)

The Institute's investment in the Private Investment Fund having a value of \$2,531,830 and \$2,236,531 at September 30, 2021 and 2020, respectively, was donated to the Institute by a board member in January 2010 with a \$1,000,000 value.

Note 11 - Availability and Liquidity

The following represents the Institute's financial assets at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 6,394,152	\$ 5,047,103
Investment securities	12,905,899	12,405,400
Unconditional promises to give expected to be collected within one year	1,340,500	1,240,000
Other receivables	<u>-</u>	<u>35,859</u>
Total financial assets	20,640,551	18,728,362
Less amounts not available to be used for general expenditures within one year due to:		
Purpose restrictions	<u>(1,690,500)</u>	<u>(307,092)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 18,950,051</u>	<u>\$ 18,421,270</u>

The Institute's goal is generally to maintain financial assets to allow it to meet 90 days of operating expenses (approximately \$4,000,000). As part of its liquidity plan, excess cash is maintained in a U.S. treasury bill with a maturity of 90 days.

Note 12 - Tax Status

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