

The Urban Institute

Financial Statements Years Ended December 31, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



The Urban Institute

Financial Statements
Years Ended December 31, 2025 and 2024

The Urban Institute

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Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive, Suite 800
McLean, VA 22102

Independent Auditor's Report

The Board of Trustees
The Urban Institute
Washington, D.C.

Opinion

We have audited the financial statements of The Urban Institute (the Institute), which comprise the statement of financial position as of December 31, 2025 and 2024, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 the Institute as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 GAAS and *Government 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 GAAS and *Government 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 the 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 the 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.

BDO USA, P.C.

McLean, Virginia
August 6, 2026

Financial Statements

The Urban Institute
Statements of Financial Position

<i>December 31,</i>	2025	2024
Assets		
Cash and cash equivalents	\$ 26,054,233	\$ 24,151,906
Endowment-related cash and cash equivalents	606,349	574,453
Contract receivables, net of credit losses of \$293,749–2025; \$360,618–2024	9,987,019	13,041,609
Other receivables	333,202	517,113
Contributions receivable, net	24,189,222	42,272,963
Prepaid expenses and other assets	1,620,911	2,342,697
Property and equipment, net	8,543,011	10,416,128
Right-of-use assets - operating leases	40,713,732	44,607,214
Right-of-use assets - finance lease	129,909	81,021
Investments - endowment	172,771,290	155,489,583
Investments - other	24,268,736	18,087,250
Total assets	\$ 309,217,614	\$ 311,581,937
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 5,303,379	\$ 7,136,027
Accrued payroll	2,180,723	2,236,785
Accrued paid time off	4,883,093	4,926,748
Other accrued expenses	1,618,006	19,346
Refundable advances	579,509	740,491
Contract liabilities	4,194,612	3,130,252
Deferred compensation liability	548,893	-
Operating lease liability	51,974,052	57,846,810
Finance lease liability	131,982	81,455
Total liabilities	71,414,249	76,117,914
Commitments and contingencies		
Net assets		
Without donor restrictions	164,430,842	136,568,584
With donor restrictions	73,372,523	98,895,439
Total net assets	237,803,365	235,464,023
Total liabilities and net assets	\$ 309,217,614	\$ 311,581,937

See accompanying notes to the financial statements.

The Urban Institute

Statement of Activities and Change in Net Assets

<i>Year Ended December 31, 2025</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Operating revenues			
Contract amounts earned	\$ 27,902,410	\$ -	\$ 27,902,410
Program and project grants	2,327,137	65,623,040	67,950,177
General support grants and contributions	10,815,371	134,853	10,950,224
Publication income	4,705	-	4,705
Investment return designated for operations	7,215,975	145,419	7,361,394
Interest and other income	1,038,400	-	1,038,400
	49,303,998	65,903,312	115,207,310
Net assets released from restrictions	92,737,764	(92,737,764)	-
Total operating revenues	142,041,762	(26,834,452)	115,207,310
Operating expenses			
Incurred under contracts	25,740,701	-	25,740,701
Incurred under grants	18,988,988	-	18,988,988
Incurred for other programs	71,651,352	-	71,651,352
Total program costs	116,381,041	-	116,381,041
Development	1,236,897	-	1,236,897
Publication and public affairs costs	56,538	-	56,538
Other costs	12,292,405	-	12,292,405
Total operating expenses	129,966,881	-	129,966,881
Change in net assets from operations	12,074,881	(26,834,452)	(14,759,571)
Non-operating activities			
Investment return, net	23,003,027	1,456,955	24,459,982
Investment return allocation	(7,215,975)	(145,419)	(7,361,394)
Gain from lease modification	325	-	325
Total non-operating activities	15,787,377	1,311,536	17,098,913
Change in net assets	27,862,258	(25,522,916)	2,339,342
Net assets at the beginning of the year	136,568,584	98,895,439	235,464,023
Net assets at the end of the year	\$ 164,430,842	\$ 73,372,523	\$ 237,803,365

See accompanying notes to the financial statements.

The Urban Institute

Statement of Activities and Change in Net Assets

<i>Year Ended December 31, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Operating revenues			
Contract amounts earned	\$ 34,285,661	\$ -	\$ 34,285,661
Program and project grants	2,763,913	77,491,629	80,255,542
General support grants and contributions	1,618,057	425,952	2,044,009
Publication income	3,763	-	3,763
Investment return designated for operations	7,009,000	135,000	7,144,000
Interest and other income	1,273,007	-	1,273,007
	46,953,401	78,052,581	125,005,982
Net assets released from restrictions	91,472,262	(91,472,262)	-
Total operating revenues	138,425,663	(13,419,681)	125,005,982
Operating expenses			
Incurred under contracts	32,012,544	-	32,012,544
Incurred under grants	20,144,078	-	20,144,078
Incurred for other programs	74,587,407	-	74,587,407
Total program costs	126,744,029	-	126,744,029
Development	1,375,822	-	1,375,822
Publication and public affairs costs	94,102	-	94,102
Other costs	19,823,681	-	19,823,681
Total operating expenses	148,037,634	-	148,037,634
Change in net assets from operations	(9,611,971)	(13,419,681)	(23,031,652)
Non-operating activities			
Investment return, net	14,781,262	1,061,463	15,842,725
Investment return allocation	(7,009,000)	(135,000)	(7,144,000)
Gain from lease modification	3,886,798	-	3,886,798
Total non-operating activities	11,659,060	926,463	12,585,523
Change in net assets	2,047,089	(12,493,218)	(10,446,129)
Net assets at the beginning of the year	134,521,495	111,388,657	245,910,152
Net assets at the end of the year	\$ 136,568,584	\$ 98,895,439	\$ 235,464,023

See accompanying notes to the financial statements.

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Statement of Functional Expenses

Year Ended December 31, 2025

	Research and Public Policy Analysis	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Expenses						
Salaries, wages, and benefits	\$ 73,423,688	\$ 73,423,688	\$ 13,931,416	\$ 4,046,554	\$ 17,977,970	\$ 91,401,658
Subcontracts	13,577,867	13,577,867	-	-	-	13,577,867
Other general expenses	2,615,257	2,615,257	4,773,482	93,919	4,867,401	7,482,658
Facilities costs	5,897,700	5,897,700	1,122,965	326,958	1,449,923	7,347,623
Professional services	2,913,181	2,913,181	1,175,984	42,405	1,218,389	4,131,570
Consultant fees and expenses	2,359,828	2,359,828	75,334	6,880	82,214	2,442,042
Depreciation and amortization	1,636,088	1,636,088	239,504	89,628	329,132	1,965,220
Travel	941,385	941,385	25,670	7,664	33,334	974,719
Seminars, workshops, conferences	185,941	185,941	3,009	3,386	6,395	192,336
Purchase order contracts	146,397	146,397	3,013	757	3,770	150,167
Publications/library services	99,343	99,343	44,139	4,402	48,541	147,884
Telephone	78,498	78,498	2,245	4,127	6,372	84,870
Expendable supplies	38,023	38,023	5,231	2,046	7,277	45,300
Postage and delivery	15,936	15,936	6,152	879	7,031	22,967
Total	\$ 103,929,132	\$ 103,929,132	\$ 21,408,144	\$ 4,629,605	\$ 26,037,749	\$ 129,966,881

See accompanying notes to the financial statements.

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Statement of Functional Expenses

Year Ended December 31, 2024

	Research and Public Policy Analysis	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Expenses						
Salaries, wages, and benefits	\$ 76,900,457	\$ 76,900,457	\$ 18,145,256	\$ 4,944,369	\$ 23,089,625	\$ 99,990,082
Subcontracts	19,901,539	19,901,539	-	-	-	19,901,539
Facilities costs	6,557,433	6,557,433	1,540,530	425,406	1,965,936	8,523,369
Professional services	5,116,748	5,116,748	1,765,934	138,556	1,904,490	7,021,238
Other general expenses	2,432,555	2,432,555	2,378,612	88,649	2,467,261	4,899,816
Consultant fees and expenses	3,041,116	3,041,116	128,153	20,426	148,579	3,189,695
Depreciation and amortization	2,292,446	2,292,446	314,847	145,381	460,228	2,752,674
Travel	1,015,059	1,015,059	90,323	21,805	112,128	1,127,187
Seminars, workshops, conferences	203,904	203,904	27,037	6,314	33,351	237,255
Telephone	92,335	92,335	5,563	5,712	11,275	103,610
Publications/library services	77,596	77,596	20,121	5,020	25,141	102,737
Temporary help	43,828	43,828	12,669	2,752	15,421	59,249
Expendable supplies	48,032	48,032	4,417	2,714	7,131	55,163
Purchase order contracts	46,823	46,823	2,807	750	3,557	50,380
Postage and delivery	16,282	16,282	6,278	1,080	7,358	23,640
Total	\$ 117,786,153	\$ 117,786,153	\$ 24,442,547	\$ 5,808,934	\$ 30,251,481	\$ 148,037,634

See accompanying notes to the financial statements.

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Statements of Cash Flows

Years Ended December 31,	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 2,339,342	\$ (10,446,129)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Change in allowance for credit losses	(66,869)	(277,113)
Change in contributions receivable discount	(409,869)	(430,439)
Realized/unrealized gains on long-term investments	(20,664,197)	(12,437,610)
Gain on operating lease modification	(325)	(3,886,798)
Non-cash lease expense	6,184,913	6,224,160
Amortization of right-of-use asset - finance lease	33,726	24,179
Depreciation and amortization	1,931,494	2,728,495
Loss on disposal of property and equipment	30,037	-
Changes in operating assets and liabilities:		
Contract receivables, net	3,121,459	9,796,056
Other receivables	183,911	679,082
Contributions receivable	18,493,610	1,557,935
Prepaid expenses and other assets	721,786	(890,583)
Accounts payable	(1,900,148)	1,840,684
Accrued payroll	(56,062)	115,202
Accrued paid time off	(43,655)	203,052
Other accrued expenses	1,598,660	4,294
Refundable advances	(160,982)	(740,491)
Contract liabilities	1,064,360	766,329
Deferred compensation liability	548,893	-
Operating lease liability	(8,163,864)	(8,882,299)
Net cash provided by (used in) operating activities	4,786,220	(14,051,994)
Cash flows from investing activities:		
Purchases of property and equipment	(20,914)	(787,542)
Purchases of investments	(42,901,637)	(31,232,727)
Sales of investments	40,102,641	51,319,341
Net cash (used in) provided by investing activities	(2,819,910)	19,299,072
Cash flows from financing activity:		
Repayments of principal portion of finance lease liability	(32,087)	(22,581)
Net cash used in financing activity	(32,087)	(22,581)
Net change in cash and cash equivalents	1,934,223	5,224,497
Cash and cash equivalents, beginning of the year	24,726,359	19,501,862
Cash and cash equivalents, end of the year	\$ 26,660,582	\$ 24,726,359
Reconciliation of cash and cash equivalents to statements of financial position:		
Cash and cash equivalents	\$ 26,054,233	\$ 24,151,906
Endowment-related cash and cash equivalents	606,349	574,453
	\$ 26,660,582	\$ 24,726,359
Supplemental cash flow information:		
Reduction in right-of-use assets due to operating lease modification	\$ -	\$ 11,852,059
Cash paid for income taxes	21,288	9,864
Equipment acquired through accounts payable	67,500	-

See accompanying notes to the financial statements.

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Notes to the Financial Statements

1. Organization and Significant Accounting Policies

The Urban Institute (the Institute) is a nonprofit research organization founded on one simple idea: to improve lives and strengthen communities, we need practices and policies that work. For more than 50 years, that has been our charge. By equipping changemakers with evidence and solutions, together we can create a future where every person and community has the opportunity and power to thrive. The Institute receives contracts and grants from the federal government and private sponsors to support its mission and activities.

The significant accounting policies followed by the Institute are described below.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) utilizing the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Such estimates also affect the reported amounts of revenues and expenses during the reporting year. Actual results may differ from estimates under different assumptions or conditions.

Revenue Recognition

The Institute follows Financial Accounting Standards Board (the FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, and Topic 958-605, *Not-for-Profit Entities - Revenue Recognition - Contributions*.

The effect of ASC 606 and ASC 958-605 on the Institute's financial statements are examined in conjunction with one another. Certain of the Institute's revenue-producing arrangements do not meet the definition of a contract under ASC 606, as the arrangement does not have commercial substance and does not meet the definition of an exchange transaction under ASC 958. However, certain of the Institute's revenue-producing arrangements do meet the definition of a contract under ASC 606, as the customer receives commensurate value.

Contracts with Customers Accounted for in Accordance with ASC 606

Contract amounts earned

The Institute recognizes revenue as performance obligations are satisfied under a contract. A performance obligation is the unit of account for revenue recognition and refers to a promise in a contract to transfer a distinct service or good to the customer and may be satisfied over time or at a point in time. Contract amounts earned contain a single performance obligation involving various activities that are highly interrelated and/or interdependent which are performed together to deliver a combined programmatic research service or solution.

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Notes to the Financial Statements

The Institute recognizes revenue over time as the customer simultaneously receives and consumes the benefits of performance as the promised services are performed over the duration of the contract. For U.S. federal government contracts, continuous transfer of control to the customer is evidenced by clauses in the contract that allow the customer to unilaterally terminate the contract for convenience, pay for costs incurred plus a reasonable profit, and take control of any work-in-process.

The Institute's contracts do not include any significant financing terms. The Institute performs under various types of contracts, which include time-and-materials (T&M), cost-plus-fixed-fee (CPFF), and firm-fixed-price (FFP) contracts. Revenue from T&M and CPFF contracts is recognized over time using the right-to-invoice practical expedient as the Institute is contractually able to invoice the customer based on the control transferred to the customer. Revenue from FFP contracts is recognized over time using either a cost-input method (referred to as the cost-to-cost method) or a milestone method (an output method). The Institute utilizes the cost-input method to measure the extent of progress towards completion of a performance obligation over time and revenue is recognized based on the proportion of total costs incurred to estimated total costs-at-completion (EAC). A performance obligation's EAC includes all direct costs such as materials, labor, subcontract costs, overhead and a ratable portion of general and administrative costs. Under the milestone method, revenue is recognized upon a customer's acceptance of a deliverable on the assigned due date as each distinct payment invoiced by the Institute corresponds directly with the value of services performed for the amount invoiced. Some contracts are invoiced in advance of costs being incurred. These amounts are reflected in the accompanying statements of financial position as contract liabilities.

Contract costs include direct labor, combined with allocations of operational overhead and other direct costs. During the performance of the Institute's contracts, estimated final contract prices and costs are reviewed periodically and changes are made as required and recorded as changes in revenue and cost of revenue in the period in which they are determined. Amounts representing contract change orders or limitations in funding on contracts are variable consideration. Changes in contract revenue and cost estimates and the related effect to operating income are recognized using a cumulative catch-up adjustment, which recognizes in the current period the cumulative effect of the changes on current and prior periods based on a contract's percentage of completion. Changes in estimated revenue and cost could result in a forward loss or an adjustment to a forward loss. Provisions for estimated losses on uncompleted long-term contracts are recognized on a contract level in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to cost and revenue and are recognized in the year in which such revisions are determined.

Other revenues are recognized when earned.

Revenue Accounted for in Accordance with ASC 958

Program and project grants and general contributions

The Institute receives contributions from individuals, government, private institutions, and other organizations. Contributions are transactions under which the donor does not receive commensurate value. Contributions may be either conditional or unconditional transactions. Depending on the type of agreement, if unconditional, the Institute recognizes the revenue the earlier of the period received or promised, or if conditional, when the condition has been met. Contributions received are considered to be without donor restriction unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes

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Notes to the Financial Statements

are reported as net assets with donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions. When the donor-imposed restrictions are met, the funds are released with an offset to without donor restrictions support. As of December 31, 2025 and 2024, the Institute had approximately \$30.7 million and \$99.5 million, respectively, in conditional contributions not yet recognized.

Program and project grants represent resources received for restricted operating purposes as provided by each specific grant. Each grant is accounted for separately, and related expenditures constitute current revenues in the year expended. Some grant payments are received in advance of related expenditures.

General support grants and contributions are not designated for specific purposes but are received for general support to the Institute's research programs and are recognized as revenue when notice of intent is given.

Cash and Cash Equivalents

Cash and cash equivalents include money market funds and treasury funds with original maturities of 90 days or less.

Contract Receivables

Contract receivables consist of billed receivables, net and contract assets.

Billed receivables, net represent the Institute's unconditional right to consideration under the contract and include the amounts billed and currently due from customers. The amounts are stated at their net estimated realizable value. There were no significant impairment losses related to billed receivables in 2025 or 2024. Management determines the allowance for credit losses by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Management has recorded an allowance for credit losses based on the credit losses expected to arise over the life of the asset (contractual term). Billed contract receivables are considered past due if the invoice has been outstanding more than 30 days. The Institute does not charge interest on billed contract receivables; however, federal governmental agencies generally pay interest on invoices outstanding more than 30 days. The Institute records interest income from federal governmental agencies when received.

Contract assets represent amounts that are invoiced as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. When revenue recognition occurs before billing, it results in contract assets.

Other Receivables

Other receivables consist of pending reimbursements from third-party vendors for health insurance expenses and pending investment sales representing proceeds not yet received from the sales of the Institute's investments.

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Notes to the Financial Statements

Contributions Receivable

Contributions receivable consist of unconditional promises to give, which are recorded as contribution revenue upon receipt of the promise. Promises that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected beyond one year are recorded at their net present value. Management believes that all contributions receivable are collectible.

Property and Equipment

The Institute's policy is to capitalize property and equipment purchases in excess of \$1,000. Property and equipment are carried at cost. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation and amortization is removed from the accounts and any resulting gain or loss is included in the results of operations for the respective year. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the lesser of the lease or life of the asset. The asset categories and their estimated useful lives are as follows:

Assets	Estimated Useful Lives
Leasehold improvements	Lesser of life of lease or life of asset
Software	3 - 8 years
Computer equipment	3 years
Furniture and equipment	5 - 7 years

Equipment purchased under the execution of a specific contract or grant is expensed in the year of acquisition.

Long-Term Investments

Long-term investments are carried at fair value. The fair value of the investments is based upon quoted market prices where available or values provided by investment companies if the investments are not publicly traded. Interest and dividend income is accounted for on the accrual basis. Investment income or loss generated from long-term investments is considered non-operating activities and are classified accordingly in the accompanying statements of activities and change in net assets.

As of December 31, 2025 and 2024, the Institute's long-term investments are comprised of shares held in several investment funds. These investment funds also may invest in foreign and domestic equity and debt instruments, derivative instruments such as hedges and foreign currency contracts, and also certain leveraged arrangements. Any significant changes in the fair value of these investment funds could significantly affect the overall value of the Institute's investment portfolio and its net assets.

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Notes to the Financial Statements

Accrued Paid Time Off

Under the Institute's paid time off policy, employees are permitted to accumulate unused paid time off up to certain maximum amounts. The policy also provides for payment to employees of such unused amounts at termination. The Institute accrues paid time off as it is earned by the employees.

Refundable Advances

The Institute receives payments on conditional contributions which are recorded as refundable advances until the conditions are met.

Contract Liabilities

The Institute receives advances and milestone payments from customers on selected contracts that exceed revenue earned to date, resulting in contract liabilities. Contract liabilities typically are not considered a significant financing component because they are used to meet working capital demands that can be higher in the early stages of a contract and they protect the Institute from the customer failing to adequately complete some or all of its obligations under the contract. Contract liabilities are reported in the statements of financial position on a net contract basis at the end of each reporting period.

Benefit Plans

The Institute has a non-contributory defined contribution retirement plan (the Plan) covering substantially all full-time employees. The Institute recorded contributions of \$5,764,545 and \$6,481,451 to the Plan for the years ended December 31, 2025 and 2024, respectively, based on a fixed rate applied to annual compensation of covered employees. All retirement costs accrued are funded, and there are no unfunded prior service costs in connection with the Plan.

The Institute also has contributory health and welfare plans. The Institute recorded expenses of \$5,526,009 and \$5,512,129 for the years ended December 31, 2025 and 2024, respectively, based on an estimate of expected claims, reinsurance premiums, and administrative costs under the health and welfare plans.

The Institute also maintains a non-qualified deferred compensation arrangement under Section 457(f) of the Internal Revenue Code for a certain executive. Benefits under the plan vest upon satisfaction of specified service and/or performance conditions and are subject to a substantial risk of forfeiture until vested. Compensation expense is recognized over the required service period in accordance with the terms of the arrangement. At December 31, 2025 and 2024, the Institute recorded a liability of \$548,893 and \$0, respectively. Related assets totaling \$548,893 are recorded in cash and cash equivalents. Amounts paid under the plan are generally distributed upon vesting or at such later date as provided in the agreement.

Classification of Net Assets

The Institute groups net assets into the following two classes:

Net assets without donor restrictions - Net assets without donor restrictions generally result from net revenues derived from contracts and grants, unrestricted contributions, publication activities, investment income, and other net inflows of assets whose use by the Institute is not limited by donor-imposed restrictions. Net assets without donor restrictions also include some net assets that

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have been designated by the Board of Trustees for specific purposes as a quasi-endowment fund. The Board of Trustees approves spending from the Board-designated quasi-endowment fund each year and appropriates funds to certain programs at their discretion.

Net assets with donor restrictions - Net assets with donor restrictions consist of amounts that are subject to donor restrictions and income earned on net assets with donor 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 those resources be maintained in perpetuity. The Institute is permitted to use or expend these assets in accordance with the donors' restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Institute's donor-restricted endowment is subject to the authoritative guidance issued by the FASB on net asset classifications of endowment funds, such that earnings on donor-restricted endowment funds for not-for-profit organizations that are subject to the District of Columbia Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) are classified as net assets with restrictions until such amounts are appropriated for expenditure.

Operating and Non-Operating Activities

Operating activities include all transactions and other events that generally involve providing the Institute's services. Non-operating activities are investing activities related to the management of the Institute's endowments and other net assets with donor restrictions and gains on operating lease modifications.

The Institute's policy is to present appropriations from the endowment fund as operating activities. The Institute makes the appropriation annually in accordance with the endowment policy. These amounts are included in the accompanying statements of activities and change in net assets as investment return designated for operations.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses for the years ended December 31, 2025 and 2024.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function, requiring allocation of these expenses on a reasonable basis that is consistently applied. Expenses that are allocated include occupancy costs, furniture repair, depreciation and amortization, which are allocated by labor dollar, information technology by labor hours, salaries and benefits by timesheet job costing, and remaining costs by job costing dollars.

The statements of activities and change in net assets report operating costs as incurred under contracts, grants, and for other programs. Further, costs are reported as development, publication and public affairs, and other costs. These categories sum to total costs as reported in the statements of functional expenses.

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Income Taxes

Under provisions of the Internal Revenue Code (IRC) Section 501(c)(3) and the applicable regulations of the District of Columbia, the Institute is exempt from taxes on income other than unrelated business income. The Institute incurred unrelated business income tax expense amounting to \$4,155 and \$20,700 for the years ended December 31, 2025 and 2024, respectively. The Institute is not a private foundation under Section 509(a)(1) of the IRC.

In accordance with authoritative guidance on accounting for uncertainty in income taxes issued by the FASB, the Institute recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, and interest and penalties on income taxes. With few exceptions, the Institute is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years ended December 31, 2021 and prior. Management has evaluated the Institute's tax positions and has concluded that the Institute has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Valuation of Long-Lived Assets

The Institute accounts for the valuation of long-lived assets under authoritative guidance issued by the FASB, which requires that long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified for the years ended December 31, 2025 and 2024.

Concentrations of Credit Risk

The Institute's assets that are exposed to credit risk consist primarily of cash and cash equivalents, long-term investments, accounts receivable, and contributions receivable. Domestic deposits are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Institute has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits on December 31, 2025 were approximately \$4.2 million. The Institute invests its excess cash and cash equivalents and maintains its investments with high-quality financial institutions. The Institute performs yearly evaluations of these institutions for relative credit standing. Management regularly monitors the composition and maturities of investments. The Institute limits the amount of credit exposure to any one financial institution. Accounts receivable consist primarily of amounts due from various agencies of the federal government or prime contractors doing business with the federal government. Contributions receivable consist of amounts due from private foundations, individual donors, and major donors (see Note 9). Historically, the Institute has not experienced significant losses related to accounts and contributions receivable and, therefore, believes that the credit risk related to accounts receivable is minimal.

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Other Concentrations

In April 2021, the Institute's staff notified management that a supermajority of eligible staff elected to form the Urban Institute Employees' Union (UIEU) and authorized the Nonprofit Professional Employees Union (NPEU), International Federation of Professional and Technical Engineers (IFPTE) Local 70 to be their representative.

The Institute agreed to voluntarily recognize the union, and the parties began negotiations for an inaugural collective bargaining agreement (CBA). An agreement on a CBA was reached in October 2024 and was unanimously ratified by UIEU membership and approved by the Institute's Board of Trustees. The CBA became effective on November 18, 2024 and covers approximately 40% of the Institute's employees as of December 31, 2025.

Leases

Leases arise from contractual obligations that convey the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. At the inception of the contract, the Institute determines if an arrangement contains a lease based on whether there is an identified asset and whether the Institute controls the use of the identified asset. The Institute also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents the Institute's right to use an underlying asset and a lease liability represents the Institute's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for the Institute's leases are not readily determinable; therefore, the Institute has elected to use a risk-free discount rate at the lease commencement date for all new leases and at January 1, 2022 for any existing leases.

The Institute's real estate operating leases typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. The Institute has elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments.

The Institute's lease terms may include options to extend or terminate the lease. The Institute generally uses the base, non-cancelable lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that the Institute will exercise those options. The Institute's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a matter of policy, the Institute has elected to exclude leases with terms of 12 months or less (short-term) from the date of the statements of financial position. Short-term lease expense is recognized on a straight-line basis over the expected term of the lease. The Institute had short-term lease expenses totaling \$0 and \$44,600 for the years ended December 31, 2025 and 2024, respectively.

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Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*. The ASU requires organizations to provide additional, disaggregated disclosures for income taxes paid, along with information about income from continuing operations before income tax expense on a disaggregated basis. Certain other disclosure requirements were eliminated. This update is effective for annual periods beginning after December 15, 2025. The Institute continues to evaluate the potential impact of this ASU on the Institute's financial statements.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* "ASU 2025-05". The amendments in this ASU provide a practical expedient and accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets. An entity may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. An entity that elects the practical expedient is permitted to make an accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses. ASU 2025-05 is effective for annual periods beginning after December 15, 2025, with early adoption permitted. The amendments are applied on a prospective basis. The Institute is evaluating ASU 2025-05 and does not expect a material impact on its financial statements.

The Institute has assessed other accounting pronouncements issued or effecting the year ended December 31, 2025, and has concluded that none are expected to have a material effect on the financial statements upon adoption.

2. Liquidity and Availability

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

<i>December 31,</i>	2025	2024
Cash and cash equivalents	\$ 26,660,582	\$ 24,726,359
Receivables	34,509,443	55,831,685
Investments	197,040,026	173,576,833
Financial assets, at year-end	258,210,051	254,134,877
Adjustments for amounts not available for general expenditures within one year:		
Restricted by donor with time or purpose restrictions	(73,018,343)	(98,179,615)
Board-designated quasi-endowment fund	(156,200,170)	(144,092,729)
Financial assets available to meet cash needs for general expenditure within one year	\$ 28,991,538	\$ 11,862,533

The Institute has donor-restricted endowment funds of \$9.4 million and \$8.2 million, which are included in net assets with donor restrictions as of December 31, 2025 and 2024, respectively. Donor-restricted endowment funds and unspent donor-restricted gifts are not available for general use.

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Notes to the Financial Statements

Institute management is authorized by the Board of Trustees to draw up to 2.5% of endowment assets on an annual basis in support of ongoing organizational health and operations. The Board of Trustees may also approve an additional annual draw of up to 2.5% during the annual budget review process in order to support the Institute's mission. The endowment asset balance used to calculate the annual percentage draw is based on the average of the quarter-end endowment value from the prior 20 quarters. The unexpended balance of an approved annual draw may be carried over for use in the subsequent fiscal year. The President or his/her designee may draw additional amounts from the endowment without Board of Trustees approval where required to meet the Institute's short-term borrowing needs for cash flow purposes provided that such amounts are repaid to the endowment within 30 days from the date when borrowed.

To further supplement liquidity, the Institute also has a \$7 million line-of-credit with a bank, which it can draw upon if conditions dictate.

3. Contract Receivables and Contract Liabilities

Contract receivables and contract liabilities recognized consist of the following at December 31:

	2025	2024
Billed receivables, net	\$ 3,457,357	\$ 3,999,129
Contract assets	6,529,662	9,042,480
Total contract receivables	\$ 9,987,019	\$ 13,041,609
Contract liabilities	\$ 4,194,612	\$ 3,130,252

The Institute's performance obligations are satisfied over time as work progresses. Fixed-price contracts are typically billed to the Institute using milestone payments or ratably over the contract period of performance, while cost-reimbursable and time and material contracts are typically billed to the Institute on a monthly basis as indicated by the negotiated billing terms and conditions of the contract. As a result, for each of the Institute's contracts, the timing of revenue recognition, Institute billings and cash collections results in a net contract asset or liability at the end of each reporting period.

Billed Receivables, Net

Billed receivables consist of receivables for which the Institute has prepared an invoice and sent to the customer. The components of billed receivables are as follows as December 31:

	2025	2024
Billed receivables	\$ 3,751,106	\$ 4,359,747
Allowance for credit losses	(293,749)	(360,618)
Billed receivables, net	\$ 3,457,357	\$ 3,999,129

The Institute does not believe that there is significant exposure to credit risk as billed and unbilled receivables are primarily due from the U.S. government. The allowance for credit losses represents the Institute's estimate for exposure to compliance, contractual issues, and bad debts related to prime contractors.

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The following table shows the activity in the allowance for losses on billed receivables under the incurred losses methodology for the year ended:

	Beginning Balance of Allowance for Credit Losses	Provision for the Year	Write-Offs Charged Against the Allowance	Ending Balance of Allowance for Credit Losses
December 31, 2025	\$ 360,618	\$ -	\$ (66,869)	\$ 293,749
December 31, 2024	637,731	-	(277,113)	360,618

Contract Assets

Contract assets include unbilled receivables, which is the amount of revenue recognized that exceeds the amount billed by the Institute, where right to payment is not just subject to the passage of time.

Contract Liabilities

Contract liabilities consist primarily of revenue recognized in excess of payments received on performance obligations under the Institute's contracts.

Contract liabilities recognized at December 31, 2025 and 2024 consist primarily of timing differences between billings (which are based upon contractually set milestones) and amounts recognized as revenue (which are based upon costs incurred and contract performance).

Other Receivables

Other receivables consist of the following at December 31:

	2025	2024
Other receivables:		
Other billed receivables	\$ 332,370	\$ 516,997
Travel and other advances to employees	832	116
	\$ 333,202	\$ 517,113

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4. Contributions Receivable

Contributions receivable consist of amounts due in:

<i>December 31,</i>	2025	2024
Less than one year	\$ 18,163,557	\$ 29,765,597
One year to five years	6,663,963	13,455,248
More than five years	19,800	119,800
	24,847,320	43,340,645
Less: contributions receivable discount	(658,098)	(1,067,682)
	\$ 24,189,222	\$ 42,272,963

Contributions due in more than one year have been recorded at their present value using a discount rate of 4.69% and 4.33% in 2025 and 2024, respectively.

5. Property and Equipment

Property and equipment consists of the following at December 31:

	2025	2024
Leasehold improvements	\$ 20,702,606	\$ 20,635,331
Software	4,921,153	4,921,153
Computer equipment	6,756,481	7,017,803
Furniture and equipment	7,030,845	7,050,403
	39,411,085	39,624,690
Less: accumulated depreciation and amortization	(30,868,074)	(29,208,562)
	\$ 8,543,011	\$ 10,416,128

Depreciation expense on property and equipment aggregated \$1,931,494 and \$2,728,495 for the years ended December 31, 2025 and 2024, respectively.

6. Bank Line-of-Credit

The Institute has an unsecured bank line-of-credit under which it may borrow up to \$7,000,000 from a commercial bank. The terms allow the Institute to borrow at the 30-day indexed Secured Overnight Financing Rate (SOFR) plus 1% (4.69% as of December 31, 2025). There were no outstanding balances due under the line-of-credit as of December 31, 2025 and 2024. The line-of-credit expires, if not renewed, on September 19, 2026.

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7. Net Assets with Donor Restrictions

The Institute receives contributions for several programmatic research areas, which are classified as contributions with donor restrictions. The accumulated balance of unexpended contributions is consolidated below by the Institute.

Accumulated unappropriated earnings on the Institute's donor-restricted endowment fund are classified as net assets with donor restrictions (see Note 8).

Net assets with donor restrictions consist of the following as of December 31:

	2025	2024
Purpose restrictions:		
Tax and Income Support	\$ 8,959,664	\$ 7,698,353
Research to Action Lab	16,432,207	26,370,393
Executive Office Research	1,987,591	11,168,105
Family and Financial Well-being	3,643,076	4,633,745
Work, Education, and Labor	6,305,749	10,254,143
Health Policy	12,994,179	15,363,433
Justice and Safety	3,327,068	4,848,152
Technology and Data Science	166,779	223,971
Housing and Communities	9,423,612	8,816,133
Time restrictions:		
General support grants and contributions	782,341	1,363,313
	\$ 64,022,266	\$ 90,739,741
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Tax policy center	950,632	588,598
Social policy analysis	4,899,625	4,067,100
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Tax policy center	2,500,000	2,500,000
Social policy analysis	1,000,000	1,000,000
	\$ 73,372,523	\$ 98,895,439

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8. Endowment and Quasi-Endowments

The Institute's endowment consists of two donor-restricted endowment funds and a Board-designated quasi-endowment fund. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Institute has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by UPMIFA. The Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Institute and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Institute
- (7) The investment policies of the Institute

The Board of Trustees authorized the establishment of the quasi-endowment fund in 1983 to provide an ongoing source of funding for general operations. The donors' intent in contributing to the Institute's endowment fund was to provide an ongoing source of funding for senior scholars in social policy analysis. The investment committee of the Board of Trustees is responsible for the oversight and management of the Institute's endowment.

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of the donor-restricted fund that the Institute must hold in perpetuity as well as the Board-designated fund. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to maximize the total rate of return for assets consistent with prudent investment management, taking into consideration the potential for market appreciation, the safety of principal, and income.

To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institute targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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Endowment net assets consist of the following at December 31:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment fund	\$ 163,285,399	\$ -	\$ 163,285,399
Donor-restricted endowment fund:			
Original donor-restricted gift amounts required to be maintained in perpetuity by the donor	-	3,500,000	3,500,000
Accumulated investment gain	-	5,850,257	5,850,257
Total endowment funds	\$ 163,285,399	\$ 9,350,257	\$ 172,635,656

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment fund	\$ 147,412,457	\$ -	\$ 147,412,457
Donor-restricted endowment fund:			
Original donor-restricted gift amounts required to be maintained in perpetuity by the donor	-	3,500,000	3,500,000
Accumulated investment gain	-	4,655,698	4,655,698
Total endowment funds	\$ 147,412,457	\$ 8,155,698	\$ 155,568,155

The following table presents the endowment-related balances and activities by net asset classification:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, December 31, 2023	\$ 142,182,299	\$ 7,590,127
Total investment return	14,739,158	700,571
Appropriations	(9,509,000)	(135,000)
Endowment net assets, December 31, 2024	147,412,457	8,155,698
Total investment return	23,088,917	1,339,978
Appropriations	(7,215,975)	(145,419)
Endowment net assets, December 31, 2025	\$ 163,285,399	\$ 9,350,257

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Institute to retain as a fund of perpetual duration. In accordance with authoritative guidance issued by the FASB, deficiencies of this nature are classified as net assets without donor restrictions. There were no such deficiencies as of December 31, 2025 and 2024.

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9. Major Donors

As of December 31, 2025 and 2024, three and four donors accounted for 54% and 62%, respectively, of the Institute's total contributions receivable. For the years ended December 31, 2025 and 2024, three and four donors represented 31% and 43%, respectively, of the Institute's total contributions revenue.

10. Commitments and Contingencies

General

The Institute may enter into service agreements with service providers in which it agrees to indemnify the service provider against certain losses and liabilities arising from the service provider's performance under the agreement. Generally, such indemnification obligations do not apply in situations in which the service provider is grossly negligent, engages in willful misconduct, or acts in bad faith. The indemnifications serve to place the Institute in a liability position no different than if it had performed the services for itself. The Institute was not aware of any liability under such agreements for the years ended December 31, 2025 or 2024.

In the normal course of business, the Institute is a party to certain claims and assessments. In the opinion of management, these matters will not have a material effect on the Institute's financial position, change in net assets, or cash flows.

11. Leases

Operating Leases

On December 30, 2016, the Institute signed a new lease agreement for its headquarters, located in Washington, D.C. The lease commenced on March 1, 2019 for a term of 15 years, with a five-year option to extend at the end of the initial lease term. The lease also contains an option for early termination. The office space lease contains escalation provisions requiring scheduled increases of 2.5% annually, plus operating expense escalations as estimated by property management. The lease included provisions which allow the minimum rental payments to be adjusted annually for increases in operating expenses and real estate taxes attributed to the leased property. The lease provided for a tenant allowance of \$17,282,960.

In 2024, the Institute exercised its sixth year lease contract option to terminate the space that was leased by the Institute on the seventh floor of the building. The Institute is obligated to pay \$2,694,063, with 50% paid in 2024 and the remaining 50% to be paid in 2025. The termination of the seventh floor of the building resulted in a gain of \$3,886,798. All leasehold improvements associated with the terminated space were amortized using the remaining lease term for that space.

Financing Lease

The Institute has finance lease arrangements for equipment with expiration dates through 2030.

All operating and financing lease agreements for the year ended December 31, 2025 are accounted for under ASC Topic 842.

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Upon adoption of ASC Topic 842 and as described in Note 1, the Institute elected numerous practical expedients with respect to leases existing as of January 1, 2022.

Rental payments under these leases include base rental amounts for the terms of each lease unless the lease contains variable costs based (e.g., utilities, real estate taxes, operating expenses such as janitorial and common area maintenance, water, and insurance) on an index or rate. If a lease does include indexed or variable costs at a specific rate, the Institute includes those costs as part of operating lease expense.

Other leases contain variable costs for expenses that are not based on an index or rate. These variable lease payments are determined based on actual expenses incurred by the lessor and passed to the Institute on a periodic basis. The Institute expenses these non-lease components as incurred.

Cash payments related to short-term leases totaled \$0 and \$44,600 for the years ended December 31, 2025 and 2024, respectively.

Lease costs are reported in the statements of functional expenses in “facilities costs” except for interest expense on finance leases, which is included in “other general expenses” as follows:

<i>Years ended December 31,</i>	2025	2024
Lease cost		
Amortization of right-of-use assets-financing lease	\$ 33,726	\$ 24,179
Interest on lease liabilities - financing lease	4,835	3,835
Operating lease cost (costs resulting from lease payments)	6,189,838	6,227,991
Total lease cost	\$ 6,228,399	\$ 6,256,005

As of December 31, 2025, the Institute’s lease liabilities mature as follows:

<i>Years ending December 31,</i>	Operating	Financing
2026	\$ 6,842,511	\$ 35,925
2027	7,037,125	37,766
2028	7,234,211	37,766
2029	7,436,121	21,465
2030	7,643,855	6,068
Thereafter	25,617,657	-
Total lease payments	61,811,480	138,990
Less: imputed interest	(9,837,428)	(7,008)
Present value of lease liabilities	\$ 51,974,052	\$ 131,982

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Supplemental quantitative information related to leases is as follows:

<i>For the years ended December 31,</i>	<i>2025</i>	<i>2024</i>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 4,835	\$ 3,835
Operating cash flows from operating leases	8,168,699	8,886,134
Financing cash flows from finance leases	32,087	22,581
Weighted-average remaining lease term - finance leases	0.42 years	3.95 years
Weighted-average remaining lease term - operating leases	8.08 years	9.08 years
Weighted-average discount rate – finance leases	1.12%	3.93%
Weighted-average discount rate – operating leases	4.26%	4.26%

Contracts and Grants

A substantial number of the Institute’s contracts and grants are with departments or agencies of the United States Government and are subject to audit by government auditors. Contract and grant revenue has been recorded in amounts that are expected to be realized upon final settlement. The Institute is of the opinion that adjustments, if any, arising from such audits will not have a material effect on the financial statements.

Indirect Cost Rates

In connection with its ongoing relationship with U.S. Department of Health and Human Services and the regulatory provisions for its Negotiated Indirect Cost Rate Agreement (NICRA), the Institute is finalizing provisional indirect cost rates. As of December 31, 2025, the Institute has finalized indirect cost rates through fiscal year 2024 and provisional indirect cost rates for fiscal years 2025 - 2028. The Institute partners with the U.S. Department of Health and Human Services to negotiate indirect rate agreements.

12. Fair Value Measurements

Certain assets are recorded at fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Fair value is based on assumptions market participants would make in pricing the asset. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Institute reports certain investments using the net asset value per share as determined by investment managers under the so called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Investments at net asset value are excluded from the fair market value hierarchy.

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The Institute's assets recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

Level 1 - Inputs that are based upon quoted prices for identical instruments traded in active markets.

Level 2 - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.

Level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following section describes the valuation methodologies the Institute uses to measure its financial assets at fair value.

Investments

Investments include debt securities, equity securities, hedge funds, and other alternative investments.

In general, and where applicable, the Institute uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments such as certain debt and equity securities. If quoted prices in active markets for identical assets are not available to determine fair value, then the Institute uses quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2.

As of December 31, 2025 and 2024, \$19,776,696 and \$23,230,296, respectively, of the Institute's investments are reported at net asset value under the practical expedient rule. The remaining \$177,263,330 and \$150,346,537, respectively, of investments are classified as Level 1 investments. All investment managers used by the Institute undergo annual financial statement audits. In addition, the Institute employs third-party investment advisors for detailed independent reviews of all investment managers holding Institute funds. These reviews entail an assessment of the methodologies used in measuring fair value. The Institute reports the investment fund fair values as calculated by the investment managers without adjustment.

Institute senior management and the investment committee of the Board of Trustees regularly review the quarterly and year-to-date returns for each investment in order to analyze individual returns as well as overall investment performance. There were no changes in valuation techniques noted for the Institute's investments for 2025 and 2024.

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Notes to the Financial Statements

Investments measured at fair value on a recurring basis are summarized below:

As of December 31, 2025				
	Total	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Debt securities				
Trading debt securities	\$ 51,634,012	\$ 51,634,012	\$ -	\$ -
Total debt securities	51,634,012	51,634,012	-	-
Equity securities				
Domestic equity	78,154,879	78,154,879	-	-
International equity	47,474,439	47,474,439	-	-
Total equity securities	125,629,318	125,629,318	-	-
Hedge funds and alternatives, measured at net asset value*	19,776,696	-	-	-
Total	\$ 197,040,026	\$ 177,263,330	\$ -	\$ -

As of December 31, 2024				
	Total	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Debt securities				
Trading debt securities	\$ 49,727,856	\$ 49,727,856	\$ -	\$ -
Total debt securities	49,727,856	49,727,856	-	-
Equity securities				
Domestic equity	64,947,293	64,947,293	-	-
International equity	35,671,388	35,671,388	-	-
Total equity securities	100,618,681	100,618,681	-	-
Hedge funds and alternatives, measured at net asset value*	23,230,296	-	-	-
Total	\$ 173,576,833	\$ 150,346,537	\$ -	\$ -

* 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.

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The major categories of the Institute's investments that are valued at net asset value or its equivalent, including general information related to each category, are as follows at December 31:

2025	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Notice Period (Days)
Multi-strategy	\$ 834,316	\$ -	Quarterly, Biennially, Annually	60, 65, 90, 105
Domestic equity	662,292	-	Monthly	30
Private equity	16,637,653	2,344,707	N/A	N/A
Long/short equity	25,706	-	Quarterly, Annually	60, 105
Emerging markets equity	65,115	-	Monthly, Annually	30, 90
International equity	-	-	Monthly	10
Private debt	1,551,614	208,870	N/A	N/A
Balance at December 31, 2025	\$ 19,776,696	\$ 2,553,577		

2024	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Notice Period (Days)
Multi-strategy	\$ 1,201,527	\$ -	Quarterly, Biennially, Annually	60, 65, 90, 105
Domestic equity	804,390	-	Monthly	30
Private equity	16,787,646	2,698,729	N/A	N/A
Long/short equity	29,972	-	Quarterly, Annually	60, 105
Emerging markets equity	67,666	-	Monthly, Annually	30, 90
International equity	2,577,736	-	Monthly	10
Private debt	1,761,359	-	N/A	N/A
Balance at December 31, 2024	\$ 23,230,296	\$ 2,698,729		

General information related to each investment category is below:

Multi-Strategy - Investments include credit and debt vehicles from both foreign and domestic issuers. Assets may also be invested in equity long/short, event-driven, relative value, and global asset allocation. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. All the investments in the category have satisfied applicable lock-up requirements and are available with notice during the next allowable liquidation window.

Domestic Equity - Investments include domestic equity security holdings. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. All the investments in the category have satisfied applicable lock-up requirements and are available with notice during the next allowable liquidation window.

Private Equity - This class includes private equity funds investing in small to mid-market buyout and growth opportunities and investments in the energy, mining, and power industries. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of these funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next two to ten years.

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Long/Short Equity - These managers invest primarily in equity long/short underlying hedge funds or direct investments. Some event-driven opportunities may be utilized. Strategies range from value to growth and small to large capitalization. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. All the investments have satisfied applicable lock-up requirements and are available with notice during the next allowable liquidation window.

Emerging Markets Equity - Investments include equity security holdings in emerging foreign markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. All the investments have satisfied applicable lock-up requirements and are available with notice during the next allowable liquidation window.

International Equity - Investments include equity security holdings in developed foreign markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. All the investments in the category have satisfied applicable lock-up requirements and are available with notice during the next allowable liquidation window.

Private Debt - This class includes holdings of private debt funds of commercial mortgage-backed securitizations. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of these funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next six years.

13. Subsequent Events

The Institute has evaluated its December 31, 2025 financial statements for subsequent events through August 6, 2026, the date the financial statements were available to be issued. The Institute is not aware of any subsequent events that would require recognition or disclosure in the financial statements.