THE AYN RAND INSTITUTE:
THE CENTER FOR THE ADVANCEMENT OF OBJECTIVISM

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2016
(with prior-year data for comparison only)

WITH INDEPENDENT AUDITORS' REPORT

THE AYN RAND INSTITUTE:
THE CENTER FOR THE ADVANCEMENT OF OBJECTIVISM
TABLE OF CONTENTS
SEPTEMBER 30, 2016
(with prior-year data for comparison only)

Page

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Ayn Rand Institute: The Center for the Advancement of Objectivism
Irvine, California

We have audited the accompanying financial statements of The Ayn Rand Institute: The Center for the Advancement of Objectivism (a nonprofit corporation) (the "Institute"), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider internal control relevant to the Institute'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 Institute'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.

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Offices located in Orange and San Diego Counties

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of September 30, 2016, 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.

Report on Summarized Comparative Information

We have previously audited the Institute's 2015 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated January 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

White Nelson Diehl Evans LLP

Irvine, California
January 12, 2017

THE AYN RAND INSTITUTE:
THE CENTER FOR THE ADVANCEMENT OF OBJECTIVISM
STATEMENT OF FINANCIAL POSITION
September 30, 2016
(with prior-year data for comparison only)

ASSETS

	2016	2015
Current Assets:		
Cash and cash equivalents	$ 412,683	$ 181,710
Investments in marketable securities	79,505	80,454
Real estate investments available for sale (Notes 1 and 3)	-	342,848
Current portion of contributions receivable (less allowance for doubtful accounts of $39,868 and $29,260 in 2016 and 2015, respectively)	834,894	1,875,711
Inventories	31,954	41,588
Prepaid expenses	73,074	105,186
Current portion of investments - split-interest agreements (Note 6)	187,305	157,669
Total Current Assets	1,619,415	2,785,166
Other Assets:		
Investments - split-interest agreements, net of current portion (Note 6)	2,408,960	2,250,309
Beneficial interests in insurance policy and trusts	722,029	785,395
Property and equipment, at net book value (Note 4)	62,560	103,079
Deposits and other assets	53,293	52,980
Long-term portion of contributions receivable	120,773	-
457(b) plan participant accounts (Note 11)	837,956	757,018
Investments in marketable securities - James G. Comer scholarship fund	128,166	113,806
Total Other Assets	4,333,737	4,062,587
Total Assets	$ 5,953,152	$ 6,847,753

LIABILITIES AND NET ASSETS

	2016	2015
Current Liabilities:		
Accounts payable	$ 271,960	$ 542,349
Accrued compensation and related expenses	488,461	542,241
Accrued liabilities	207,153	73,486
Line of credit (Note 8)	-	150,000
Note payable to affiliate (Note 7)	199,000	204,500
Current portion of liabilities under split-interest agreements (Note 6)	187,305	157,669
Total Current Liabilities	1,353,879	1,670,245
Other Liabilities:		
Liabilities under split-interest agreements, net of current portion (Note 6)	2,749,048	2,382,242
457(b) plan participant accounts (Note 11)	837,956	757,018
Loan payable	4,500	4,500
Total Other Liabilities	3,591,504	3,143,760
Total Liabilities	4,945,383	4,814,005
Net Assets:		
Unrestricted	(1,278,335)	(1,081,204)
Temporarily restricted (Note 9)	2,286,104	3,114,952
Total Net Assets	1,007,769	2,033,748
Total Liabilities And Net Assets	$ 5,953,152	$ 6,847,753

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

THE AYN RAND INSTITUTE:
THE CENTER FOR THE ADVANCEMENT OF OBJECTIVISM
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016
(with prior-year data for comparison only)

	Year Ended September 30, 2016				Year Ended September 30, 2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total (Summarized)
Revenues and Support:					
Contributions	$ 5,585,061	$ 2,251,035	$ -	$ 7,836,096	$ 10,814,144
Program revenue	359,101	-	-	359,101	317,435
Other income	147,451	-	-	147,451	125,533
Investment returns, gains and (losses) - Investments in marketable securities (Note 1)	16,470	-	-	16,470	(7,717)
Net increase (decrease) in split-interest agreements	(253,868)	23,418	-	(230,450)	(179,020)
Net assets released from restrictions (Note 9)	3,103,301	(3,103,301)	-	-	-
Total Revenues and Support	8,957,516	(828,848)	-	8,128,668	11,070,375
Expenses:					
Program Services:					
Educational programs	3,490,565	-	-	3,490,565	3,740,223
Outreach	2,934,098	-	-	2,934,098	4,499,885
Other	998,547	-	-	998,547	975,583
Total Program Services	7,423,210	-	-	7,423,210	9,215,691
Fundraising	1,218,694	-	-	1,218,694	1,010,233
Management and general	512,743	-	-	512,743	572,636
Total Expenses	9,154,647	-	-	9,154,647	10,798,560
Impairment of Real Estate Investment	-	-	-	-	(124,907)
Change in Net Assets	(197,131)	(828,848)	-	(1,025,979)	146,908
Net Assets (Deficit) at Beginning of Year	(1,081,204)	3,114,952	-	2,033,748	1,886,840
Net Assets (Deficit) at End of Year	$ (1,278,335)	$ 2,286,104	$ -	$ 1,007,769	$ 2,033,748

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

THE AYN RAND INSTITUTE:
THE CENTER FOR THE ADVANCEMENT OF OBJECTIVISM
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016
(with prior-year data for comparison only)

	Program Services						Total For the Year Ended September 30, 2016	Total For The Year Ended September 30, 2015 (Summarized)
	Educational Programs	Outreach	Other	Total	Fundraising	Management and General		
Accounting	$ -	$ -	$ -	$ -	$ 25,573	$ 29,174	$ 54,747	$ 56,316
Advertising and promotion	91,739	51,694	2,890	146,323	11	695	147,029	231,878
Books	226,811	25,500	5,744	258,055	17,702	(1,389)	274,368	393,830
Burden	323,054	240,978	84,839	648,871	96,572	44,142	789,585	794,499
Depreciation	38,123	8,064	3,349	49,536	2,612	2,267	54,415	64,196
Design	-	1,800	-	1,800	-	-	1,800	1,497
Editing	12,817	-	6,005	18,822	4,579	-	23,401	8,733
Equipment	11,863	20,873	3,750	36,486	3,380	3,775	43,641	78,724
Events	70,940	56,290	66,760	193,990	140,854	9,196	344,040	349,641
Insurance	156	-	1,036	1,192	-	17,800	18,992	19,171
Interest	3,588	2,095	938	6,621	679	672	7,972	13,931
Legal	312	-	-	312	3,325	19,122	22,759	36,302
List rental	27,181	-	-	27,181	1,925	-	29,106	28,255
Meetings, training, and conferences	2,992	7,511	170	10,673	793	1,226	12,692	16,045
Online services	16,768	285,345	16,901	319,014	10,941	15,213	345,168	157,844
Other	1,721	2,513	600	4,834	75	14,497	19,406	28,714
Outreach	10,556	3,516	7,226	21,298	26,464	2,051	49,813	47,238
Outside services	193,712	354,657	148,826	697,195	86,367	23,002	806,564	2,317,594
Postage and freight	104,403	42,904	9,343	156,650	39,954	2,479	199,083	212,753
Printing and mailing	30,433	42,702	3,921	77,056	92,070	533	169,659	116,645
Prizes, grants, and scholarships	209,100	174,075	250	383,425	-	-	383,425	214,564
Rent	329,000	173,597	96,446	599,043	35,776	47,838	682,657	669,870
Repairs and maintenance	2,136	999	437	3,572	322	3,647	7,541	5,665
Royalties	9,056	19,347	3,442	31,845	-	-	31,845	17,626
Salaries	1,667,286	1,257,214	444,778	3,369,278	526,499	240,301	4,136,078	4,358,436
Supplies	15,990	10,673	12,730	39,393	5,942	6,013	51,348	47,432
Taxes, licenses, and fees	1,681	2,103	12,171	15,955	21,226	12,571	49,752	46,185
Telephone	38,111	23,680	9,327	71,118	9,678	7,435	88,231	78,354
Transportation	851	1,124	1,228	3,203	664	284	4,151	8,906
Travel	50,185	124,844	55,440	230,469	64,711	10,199	305,379	377,716
	$ 3,490,565	$ 2,934,098	$ 998,547	$ 7,423,210	$ 1,218,694	$ 512,743	$ 9,154,647	$ 10,798,560

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

THE AYN RAND INSTITUTE:
THE CENTER FOR THE ADVANCEMENT OF OBJECTIVISM
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016
(with prior-year data for comparison only)

	2016	2015
Cash Flows from Operating Activities:		
Change in Net Assets	$ (1,025,979)	$ 146,908
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Contributions of marketable securities	(303,339)	(95,670)
Impairment of real estate investment	-	124,907
Gain on sale of real estate investment	(11,217)	-
Provision for bad debt expense	10,607	19,375
Loss on disposal of fixed assets	(463)	-
Depreciation	54,415	64,196
Net (increases) decreases in split-interest agreements	208,155	172,177
Unrealized and realized losses - investments in marketable securities	(12,438)	11,450
Changes in:		
Receivables	909,437	(339,687)
Inventories	9,634	36,754
Prepaid expenses	32,112	(36,957)
Beneficial interest in insurance policy	75,464	(17,143)
Beneficial interest in trusts	(12,098)	13,458
Deposits and other assets	(313)	(2,288)
Accounts payable and accrued liabilities	(189,756)	(531,276)
Net Cash Used in Operating Activities	(255,779)	(433,796)
Cash Flows from Investing Activities:		
Proceeds from sale of investments in marketable securities	305,633	127,040
Proceeds from sale of real estate investments	354,065	-
Proceeds from sale of equipment	463	-
Reinvested dividend and interest income from marketable securities	(4,013)	(3,733)
Purchase of property and equipment	(13,896)	(48,015)
Net Cash Provided by Investing Activities	642,252	75,292
Cash Flows from Financing Activities:		
Proceeds received on loans from affiliate	234,000	58,000
Payments made on loans from affiliate	(239,500)	(13,500)
Payments made on line of credit	(150,000)	(250,000)
Net Cash Used in Financing Activities	(155,500)	(205,500)
Net Increase in Cash and Cash Equivalents	230,973	(564,004)
Cash and Cash Equivalents at Beginning of Year	181,710	745,714
Cash and Cash Equivalents at End of Year	$ 412,683	$ 181,710

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

THE AYN RAND INSTITUTE:
THE CENTER FOR THE ADVANCEMENT OF OBJECTIVISM
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016
(with prior-year data for comparison only)

	2016	2015
Supplemental Disclosures:		
Income taxes paid	$ -	$ -
Interest paid	$ 7,972	$ 13,931
Supplemental Disclosures of of Noncash Operating, Investing, and Financing Activities:		
During the year, the Institute offset accounts payable and accrued liabilities with gains (losses) on investments in marketable securities related to a charitable remainder trust (Note 1).	$ (746)	$ (8,542)

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

THE AYN RAND INSTITUTE:
THE CENTER FOR THE ADVANCEMENT OF OBJECTIVISM
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(with prior-year data for comparison only)

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

Nature of Operations

The Ayn Rand Institute: The Center for the Advancement of Objectivism ("ARI" or the "Institute") is a Pennsylvania nonprofit corporation organized and operated exclusively for educational, literacy, and other charitable purposes. ARI advances the study of the philosophy of Objectivism and the education of the general public with respect to Objectivism.

The following are descriptions of the programs ARI offers to promote Objectivism:

<u>Educational Programs</u>

High School Programs: The mission of High School Programs is to increase the awareness and use of Ayn Rand's novels in high school classrooms and among high school students. ARI's annual essay contests on Ayn Rand's novels receive tens of thousands of entries each year. ARI provides teachers with hundreds of thousands of free classroom book sets of Ayn Rand's novels and resources to help teachers present Ayn Rand's works and ideas in the classroom. ARI identifies and cultivates student organizations that are prime audiences for Ayn Rand's ideas; e.g., high school debate organizations.

College Programs: ARI's outreach programs for college professors and students aim at raising awareness and increasing knowledge of Ayn Rand's ideas and their impact on various academic fields. These programs include hosting conferences and workshops, exhibiting at conferences, distributing copies of Ayn Rand books and essays, writing newsletters, running an internship program, supporting student clubs, facilitating speaker events on college campuses, and providing intellectual support for Ayn Rand researchers.

Ayn Rand Institute Campus: The Ayn Rand Institute Campus is an online education website that offers courses from beginner to advanced levels on Ayn Rand's fiction works and on her philosophy and its application, as well as supplementary educational content and discussion boards. The courses are largely free and open to anyone interested in Ayn Rand's ideas; however, the target audiences include students, educators, and other intellectuals.

Advanced Training: In order to train the next generation of Objectivist intellectuals, ARI runs the Objectivist Academic Center ("OAC"). The OAC offers the only systematic program of instruction in the essentials of Objectivism. The three-year program focuses on students exploring the possibility of an intellectual career; the Advanced Education Program offers instruction to committed students, as well as career guidance, mentoring, and financial assistance.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

Outreach Programs

Publishing: The Publishing department develops, supports, and proposes marketing strategies and advertising to the publishers of Ayn Rand's books. The department also supports the publication of books based on ARI programs or those written by staff writers or on material from the Ayn Rand Archives, primarily through outside publishers.

Marketing and Communications: ARI promotes Ayn Rand's philosophical case for a culture of reason, self-interest, and laissez-faire capitalism to public policy and business communities, media, the general public, and various student audiences. ARI markets and disseminates op-eds, articles, blog posts, videos, and books to millions of readers yearly. It creates and distributes a weekly email newsletter, *Impact Weekly*, a quarterly print publication, *Impact Quarterly*, as well as email and print newsletters and updates to its various subscriber lists. ARI experts appear on significant TV, radio, and online programs, and present talks around the world, many of which are recorded and available for viewing online. ARI's Yaron Brook has a syndicated radio show and a Blog Talk Radio show. ARI encourages and supports robust social media communities on Facebook, Twitter, LinkedIn, and other platforms.

International Outreach: ARI sends speakers to address student and general audiences outside the United States and encourages and assists various Ayn Rand programs to be established abroad. While a major part of this work takes place in Europe under a program called Ayn Rand Institute Europe, ARI's international programs are also active in Latin America, Asia, and Israel.

Digital Initiative and Website: ARI's digital initiative aims to create a digital experience that introduces audiences to Ayn Rand through her writings and philosophy and acquaints them with the application of her ideas. The three main websites are Aynrand.org, ari.AynRand.org, and campus.AynRand.org. In addition, the digital experience is supported by a number of social media properties.

Other

Ayn Rand Archives: The Ayn Rand Archives collects and preserves documents by and about Ayn Rand, including individuals and organizations influenced by her philosophy. The department functions as a full-service repository that hosts researchers, answers reference questions, and assists journalists. In addition, the Archives produces projects to advance public awareness of Ayn Rand's development and cultural impact. The Ayn Rand Archives is the world's definitive Ayn Rand-themed collection.

Online Bookstore: The Ayn Rand Institute eStore sells downloadable audio content related to Ayn Rand and Objectivism.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

Conferences: Each summer ARI hosts a multiday summer conference open to the public for Objectivist scholars to present talks and panels on a variety of topics related to Objectivism.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Institute's activities and operations at the discretion of the Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the donor, the Institute, and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the corpus be maintained permanently by the Institute. At September 30, 2016 and 2015, there were no permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Public Support and Revenue

Contributions are recognized when the donor makes an unconditional promise to give to the Institute. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Certain contributions are in the form of split-interest agreements; see Note 6 for more details.

Contributed securities and other noncash donations are recorded as donations at their estimated fair values at the date of donation.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Public Support and Revenue (Continued)

In-kind contributions are recognized in the financial statements if the services or goods received enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended September 30, 2016 and 2015, the Institute received $114,819 and $92,217, respectively, of in-kind contributions of advertising services. Accordingly, the Institute has recorded contribution revenue and advertising expense for these amounts in the accompanying statement of activities.

The Institute may also receive a significant amount of contributed time from volunteers that does not meet the recognition criteria described. Accordingly, the value of such contributed time is not reflected in the accompanying financial statements.

Cash and Cash Equivalents

The Institute considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Investments in Marketable Securities

Investments consist of short-term investments, mutual funds and exchange-traded funds, bonds, and equity securities that are carried at fair value (see Note 3). These investments are managed by third-party professionals or held by third-party trustees. Net appreciation (depreciation) in the fair value of investments, which consists of the realized and unrealized gains or losses on those investments, is shown in the statement of activities.

Investment returns consisted of the following during the years ended September 30, 2016 and 2015:

	2016	2015
Interest and dividends on investments in marketable securities	$ 4,032	$ 3,733
(Gain) loss on sale of marketable securities	1,598	(6,172)
Unrealized gain (loss) on securities held	10,840	(5,278)
Total	$ 16,470	$ (7,717)

During the years ended September 30, 2016 and 2015, the Institute received contributed marketable securities with a fair market value on the date of contribution totaling $303,339 and $95,670, respectively. The contributed marketable securities were sold during the years ended September 30, 2016 and 2015, for a gain of $1,598 and $2, respectively. The gain (loss) on sales of investments is recorded as part of realized and unrealized gains (losses) - investments in marketable securities in the statement of activities and the selling fees are included in taxes, licenses, and fees in the accompanying statement of functional expenses.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Institute has adopted accounting guidance related to fair value measurements. This guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs in priority that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves, credit risks, and default rates) or other inputs that are principally derived from or corroborated by observable market data by correlation or by other means; and

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

The inputs used to determine the fair value of assets and liabilities are discussed in Note 3.

Charitable Remainder Trust

The Institute is the trustee of a revocable charitable remainder unitrust established by two donors. The donors receive quarterly distributions during their lives equal to a specified percentage of the fair market value of the trust's assets, determined annually. If the trust is not revoked before the death of both donors, the remaining assets of the trust will be distributed to the Institute. As the trust is revocable by the donors, the Institute recognizes a liability equal to the trust's assets, which totaled $74,610 and $75,355 and is included in accrued liabilities in the accompanying statement of financial position at September 30, 2016 and 2015, respectively. The Institute offsets all investment gains/losses, expenses, and quarterly payments to donors against this liability.

Contributions Receivable

The Institute uses the allowance method to determine uncollectible contributions receivable. The allowance is based on historical experience, current economic conditions, and management's analysis of outstanding contributions receivable. An allowance of $39,868 and $29,260 was recorded against receivables as of September 30, 2016 and 2015, respectively.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Contingent Contribution Receivable

During the year ended September 30, 2008, the Institute received a contingent contribution from a corporation to be paid in eight annual installments of $500,000 through 2015. The contribution is subject to annual approval by the corporation's contributions committee and is only recorded by the Institute as it is approved annually. The corporation has paid all installments in accordance with the commitment, and the balance of this contribution was paid in full during the year ended September 30, 2015.

Inventories

Inventories consist of purchased merchandise and materials for resale and are stated at the lower of cost or market value. Cost is determined on the average cost method, which approximates the first-in, first-out method. Market value is determined by comparison with recent purchases or net realizable value.

Beneficial Interest in Insurance Policy and Trusts

In 2006, the Institute received a beneficial interest in a $1,000,000 insurance policy. The asset is recorded at its fair value (discounted at the Institute's nonrelated borrowing rate of 3.50 percent and 3.25 percent at September 30, 2016 and 2015, respectively, using applicable mortality tables) as the donor contributed the entire policy to the Institute. At September 30, 2016 and 2015, the fair value of this asset is $469,150 and $544,614, respectively. The change in value of the insurance policy of $(75,463) and $17,143 is recorded as contributions in the accompanying statement of activities for the years ended September 30, 2016 and 2015, respectively.

The Institute is a remainder beneficiary of two irrevocable trusts, both held by a third party. The Institute is to receive a share of the principal upon the death of the two current income beneficiaries. The Institute's share of the assets is recorded at their fair values (discounted at the Institute's nonrelated borrowing rate of 3.50 percent and 3.25 percent at September 30, 2016 and 2015, respectively, using applicable mortality tables). At September 30, 2016 and 2015, the fair value of these assets is $252,879 and $240,781, respectively. The change in value of the remainder interest in the trusts of $12,098 and $(13,458) is recorded as *contributions* in the accompanying statement of activities for the years ended September 30, 2016 and 2015, respectively.

Real Estate Investments

During the year ended September 30, 2013, the Institute received a donation of real estate, which was held for sale. The Institute valued the property based on sales prices and appraisals less selling costs. During the year ended September 30, 2015, the Institute recorded an impairment loss against the property in the amount of $124,907, which is separately reported in the accompanying statement of activities. During the year ended September 30, 2016, the Institute sold the property for $354,065, resulting in a net gain of $11,217.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Real Estate Investments (Continued)

During the year ended September 30, 2015, the Institute received a donation of real estate, which was held for sale. The property sold during the year ended September 30, 2015, for $200,923, which is included in contributions in the accompanying statement of activities.

Property and Equipment

Property and equipment are stated at cost. Donated assets are recorded at their fair market value when received. The cost of purchased assets or fair market value of donated assets is depreciated using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the related lease term. Maintenance and repairs are charged to expense as incurred. Significant renewals and betterments are capitalized.

Income Taxes

The Institute is a public charity that has obtained an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and under similar code sections for each state. Accordingly, no provision has been made for federal or state income taxes. The Institute is subject, however, to federal and California income taxes on unrelated business taxable income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. During the years ended September 30, 2016 and 2015, the Institute had no unrelated business taxable income.

The Institute annually evaluates tax positions as part of the preparation of its exempt tax return. This process includes an analysis of whether tax positions the Institute takes with regard to a particular item of income or deduction would meet the definition of an uncertain tax position under current accounting guidance. The Institute believes its tax positions are appropriate based on current facts and circumstances. The Institute’s policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. At September 30, 2016 and 2015, the Institute did not have any unrecognized tax benefits. The Institute is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for fiscal years ended before 2012.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimated usage. Usage is calculated using an appropriate methodology such as percentage of staff time. The Institute incurs joint costs for mailings, events, and travel, which are allocated between fundraising and program costs.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Expense Allocation (Continued)

For the year ended September 30, 2016, joint mailing costs totaled $1,913 and were allocated $191 to fundraising and $1,722 to program services. For the year ended September 30, 2015, joint mailing costs totaled $1,892 and were allocated $946 to fundraising and $946 to program services. The amounts are accounted for in postage and freight expenses in the accompanying statement of functional expenses.

Summarized Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ended September 30, 2015, from which the information was derived.

Use of Estimates

The preparation of the 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 revenues and expenses during the reporting period. Significant estimates include the collectability and timing of collection of contributions receivable, the realizability of inventories and property and equipment, the value of beneficial interests in insurance policy and trusts, the liability to beneficiaries under split-interest agreements, and the allocations of expenses including salaries to programs. Actual results could differ from those estimates.

New Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *"Leases (Topic 842)"*. ASU 2016-02 requires lessees to recognize lease assets and liabilities for those leases classified as operating leases under previous standards. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize lease assets and lease liabilities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and early application is permitted. The Institute is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

New Pronouncements (Continued)

On August 18, 2016, the FASB issued ASU 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)"*, which finalizes proposed ASU 2015-230 and simplifies and improves the manner in which a not-for-profit entity classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted prospectively as of the beginning of an interim or annual reporting period. The Institute is currently evaluating the impact of the provisions of ASU 2016-14 on the presentation of its financial statements.

In March 2016, the FASB issued ASU 2016-04, *"Liabilities-Extinguishments of Liabilities (Subtopic 405-20)"*. ASU 2016-04 requires that breakage for liabilities related to the sale of stored-value products be accounted for consistent with breakage guidance in Topic 606. ASU 2016-04 is effective for fiscal years beginning after December 15, 2018, early application is permitted. The Company is currently evaluating the impact of the provisions of ASU 2016-04 on the presentation of its financial statements.

Note 2: Concentrations, Risks, and Uncertainties

The Institute maintains its cash balances at various financial institutions. The total cash balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. At September 30, 2016 and 2015, the Institute had $171,120 and $7,488, respectively, in excess of the federally insured limit. The Institute has investments in securities at various financial institutions that are members of the Securities Investor Protection Corporation, which provides limited protection for cash and securities up to a maximum of $500,000, including a maximum of $250,000 of cash balances.

The Institute obtains a substantial portion of contribution revenue from a foundation that is controlled by a member of the board of directors. Total contributions from this donor for the year ended September 30, 2015 was $1,325,000. There were no contributions from this donor for the year ended September 30, 2016. At September 30, 2016 and 2015, there were no amounts due from this donor. During the years ended September 30, 2016 and 2015, the Institute also received contributions totaling $2,250,000 and $3,025,000, respectively, from a donor-advised fund.

The Institute has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Institute indemnifies its directors, officers, employees, and agents, as permitted under the laws of the States of California and Pennsylvania. In connection with its facility leases, the Institute has indemnified its lessors for certain claims arising from the use of the facilities. Additionally, the Institute indemnified a financial institution under the line of credit agreement against certain claims as a result of a breach of representation made to the financial institution.

Note 2: Concentrations, Risks, and Uncertainties (Continued)

The duration of the guarantees and indemnities varies and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Institute could be obligated to make. Historically, the Institute has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying statement of financial position.

Note 3: Assets and Liabilities Measured at Fair Value

The following is a description of the valuation methodologies used for investments in marketable securities, bonds, and investments - split-interest agreements measured at fair value, as well as the fair value measurements for beneficial interests in trusts and liabilities under split-interest agreements, including the general classification of such instruments pursuant to the valuation hierarchy.

Short-Term Investments

Short-term investments consist of instruments with original purchased maturities of less than one year. Short-term investments include money market and other short-term investments. The fair value of these investments has been measured using net asset value per share ("NAV") as a practical expedient. These investments have no unfunded commitments, investment frequencies are daily, and there are no other redemption restrictions.

Common Stocks

The fair value of investments in common stocks is based upon quoted prices in active markets. These investments have been classified within Level 1 of the valuation hierarchy.

Bonds

Bonds are generally valued by using pricing models (e.g., discounted cash flows), which are quoted prices of securities with similar characteristics or broker quotes. These investments have been included in Level 2 of the valuation hierarchy. Observable inputs used in measuring fair value of bonds include published interest rates, redemption dates, and the discount rate based on historical market activity.

Mutual Funds and Exchange Traded Funds

The fair value of investments in mutual funds and exchange-traded funds is based upon quoted prices in active markets. The quoted prices of the mutual fund shares represent their closing NAV. These investments have been classified within Level 1 of the valuation hierarchy.

Note 3: Assets and Liabilities Measured at Fair Value (Continued)

Beneficial Interests in Insurance Policy and Trusts

Beneficial interests in insurance policy and trusts are valued by using pricing models (e.g., discounted cash flows). These assets have been included in Level 2 of the valuation hierarchy. Observable inputs include current value of investment, expected mortality, and a discount rate based on the Institute's current borrowing rate.

Property Investments

Donated property is valued based on the market approach using selling price of comparable properties and property appraisals less selling costs as observable inputs for the valuation. These assets have been included in Level 2 of the valuation hierarchy.

Liabilities Under Split-Interest Agreements

Liabilities under split-interest agreements are valued by using pricing models (e.g., discounted cash flows). These liabilities have been included in Level 3 of the valuation hierarchy. A detailed listing of activity and the assumptions used in calculating fair value for the years ended September 30, 2016 and 2015, are included in Note 6.

Fair Value Hierarchy

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of September 30, 2016:

	Quoted Priced In Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Bonds	$ -	$ 65,770	$ -	$ 65,770
Mutual funds and exchange-traded funds	2,640,895	-	-	2,640,895
Beneficial interests in insurance policy and trusts	-	722,029	-	722,029
Subtotal	2,640,895	787,799	-	3,428,694
Investments measured at NAV (a)	-	-	-	97,271
Total	$ 2,640,895	$ 787,799	$ -	$ 3,525,965

Note 3: Assets and Liabilities Measured at Fair Value (Continued)

(a) In accordance with FASB Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified 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 line items presented in the statement of financial position.

The following table presents the fair value hierarchy for those liabilities measured at fair value on a recurring basis as of September 30, 2016:

	Quoted Priced In Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Liabilities Under Split-Interest Agreements	$ -	$ -	$ (2,936,353)	$ (2,936,353)

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis as of September 30, 2015:

	Quoted Priced In Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common stocks	$ -	$ -	$ -	$ -
Bonds	-	65,398	-	65,398
Mutual funds and exchange-traded funds	2,421,594	-	-	2,421,594
Beneficial interests in insurance policy and trusts	-	785,395	-	785,395
Property investments	-	342,848	-	342,848
Subtotal	2,421,594	1,193,641	-	3,615,235
Investments measured at NAV (a)	-	-	-	115,246
Total	$ 2,421,594	$ 1,193,641	$ -	$ 3,730,481

(a) In accordance with FASB Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified 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 line items presented in the statement of financial position.

Note 3: Assets and Liabilities Measured at Fair Value (Continued)

The following table presents the fair value hierarchy for those liabilities measured at fair value on a recurring basis as of September 30, 2015:

	Quoted Priced In Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Liabilities Under Split-Interest Agreements	$ -	$ -	$ (2,539,911)	$ (2,539,911)

Note 4: Property and Equipment

Property and equipment consist of the following at September 30, 2016 and 2015:

	2016	2015
Computers	$ 156,512	$ 157,226
Office equipment	139,265	135,090
Furniture	63,306	63,306
Leasehold improvements	140,849	140,849
	499,932	496,471
Less: Accumulated depreciation	(437,372)	(393,392)
Total	$ 62,560	$ 103,079

Depreciation expense for the years September 30, 2016 and 2015, was $54,415 and $64,196 respectively.

Note 5: Commitments and Contingencies

Obligations Under Operating Leases

The Institute operates from facilities leased under two noncancelable operating leases expiring through March 2020. The future minimum payments under these operating leases are as follows:

2017	$ 584,323
2018	107,113
2019	110,327
2020	55,979
Total	$ 857,742

Total rent expense for the years ended September 30, 2016 and 2015, was $682,657 and $669,870, respectively.

Note 5: Commitments and Contingencies (Continued)

Conference Agreements

The Institute has entered into binding agreements with unrelated third parties whereby it is committed to certain fees related to conferences the Institute will hold through June 17, 2017. Minimum costs associated with these commitments as of September 30, 2016, totaled $236,289.

Litigation

The Institute experiences routine litigation in the normal course of its business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its financial statements.

Note 6: Split-Interest Agreements

Charitable Gift Annuities

Under charitable gift annuity contracts, a donor gives the Institute a lump-sum donation at the beginning of the contract and the Institute makes predetermined payments to the donor and/or the designated beneficiary for his/her lifetime. If the donor does not specify when the payments are to begin, the Institute records the largest liability amount among the range of annuity options available to the donor. At the end of the annuitant's life, the Institute keeps any remaining assets not used in making the required payments and recognizes revenue for the termination of the remaining liability, if any. These contracts are guaranteed by all of the Institute's assets. In the contract, the donor may specify how the Institute must use the remaining assets, if any, at the termination of the contract. On an annual basis, the Institute adjusts the value of the assets to fair value and revalues the liabilities to make distributions to the designated beneficiaries based on actuarial assumptions.

The present value of the estimated future payments is calculated using a 1.40 percent and 2.20 percent discount rate for the years ended September 30, 2016 and 2015, respectively, as required by law and applicable mortality tables.

Note 6: Split-Interest Agreements

Charitable Gift Annuities (Continued)

To estimate the remaining lives of donors, the Institute utilized the 2012 Individual Annuity Reserving Report and Table and the Annuity 2000 mortality table for the years ended September 30, 2016 and 2015, respectively. The Institute issues gift annuities in various states, certain of which have criteria and registration requirements. Among these states, the Institute is registered in California and Florida (the "States"), which impose certain asset reserve requirements on issuers of gift annuities. The Institute meets the reserve requirements for the States' annuitants by placing the required funds in trusts with a third-party trustee, which are to be held and invested in accordance with the applicable restrictions until the annuitant's death. As of September 30, 2016 and 2015, the Institute was in compliance with the States' requirements for minimum reserves as follows:

	2016		2015	
	Regulating State		Regulating State	
	California	Florida	California	Florida
Assets on reserve	$ 146,006	$ 133,906	$ 149,423	$ 134,758
Required reserve amount	129,486	114,658	133,681	118,603
Excess	$ 16,520	$ 19,248	$ 15,742	$ 16,155

Pooled Income Funds

Pooled income funds are arrangements whereby many donors' life income gifts are invested and pooled together, and each income beneficiary is assigned a relative number of units in the pool. Contribution revenue is recorded at the fair value of the assets received, discounted at an annual rate of 3.107 percent and 4.297 percent for the years ended September 30, 2016 and 2015, respectively, as required by law, for the estimated time period until each donor's death. Until a donor's death, the donor is paid the actual income earned on the donor's units in the pooled income fund. The estimated discounted cash outflows of the pooled income funds are recorded as a liability under split-interest agreements and amortized over the donor's expected life based on applicable mortality tables. Upon a donor's death, the value of the donor's units reverts to the Institute.

Initial net values of the contributions from pooled income funds are recorded as contributions in the accompanying statement of activities under temporarily restricted net assets. Increases/decreases resulting from changes in actuarial assumptions and accretions of the discount are recorded as net increases/decreases in split-interest agreements in the accompanying statement of activities under temporarily restricted net assets.

Note 6: Split-Interest Agreements (Continued)

Summary

Changes made to assumptions used to calculate the liability related to split-interest agreements resulted in an increase of approximately $381,000 for the year ended September 30, 2016. Charitable gift annuity and pooled income fund activity for the years ended September 30, 2016 and 2015, are as follows:

	Investments in Charitable Gift Annuities	Investments in Pooled Income Funds	Liabilities to Beneficiaries Under Charitable Gift Annuities	Deferred Revenue Under Pooled Income Funds	Net Activity
Balance, September 30, 2014	$ 2,362,708	$ 239,652	$ (2,418,583)	$ (143,533)	$ 40,244
Changes in value	(91,425)	(2,949)	(86,265)	1,620	(179,019)
New split-interest agreements	19,633	-	(12,791)	-	6,842
Payments on split-interest agreements	(112,405)	(7,236)	112,405	7,236	-
Balance, September 30, 2015	2,178,511	229,467	(2,405,234)	(134,677)	(131,933)
Changes in value	198,366	14,444	(453,646)	8,972	(231,864)
New split-interest agreements	106,114	-	(75,881)	-	30,233
Terminated agreements	-	(9,848)	1,409	1,915	(6,524)
Payments on split-interest agreements	(113,918)	(6,871)	113,918	6,871	-
Balance, September 30, 2016	$ 2,369,073	$ 227,192	$ (2,819,434)	$ (116,919)	$ (340,088)

Note 7: Related-Party Transactions

Note Payable to Affiliate

The Institute entered into various unsecured note agreements with an affiliate bearing interest at an annual rate of 1.5 percent due on demand. At September 30, 2016 and 2015, a note payable to affiliate in the amount of $199,000 and $204,500, respectively, is included in the accompanying statement of financial position. Interest expense for the years ended September 30, 2016 and 2015, was $2,334 and $2,877, respectively.

Royalties and Other Services

The Institute has several transactions with affiliated entities, including The Objectivist Forum, RYB Enterprises, and others. These transactions involve payments for royalties, teaching fees, and other services. For the years ended September 30, 2016 and 2015, royalty fees totaled $1,467 and $1,662, respectively, and teaching fees and other services totaled $27,050 and $9,250, respectively, which are recorded in outside services in the accompanying statement of functional expenses.

Note 7: Related-Party Transactions (Continued)

Contributions

Various board members make contributions to the Institute through donations, fundraising events, and volunteer time. General contributions recorded from board members (or their affiliated foundations) during the years ended September 30, 2016 and 2015, totaled $1,286,151 and $1,544,215, respectively, which are recorded in contributions in the accompanying statement of activities. Contributions receivable from related parties, including board members, as of September 30, 2016 and 2015, totaled $10,000 and $20,000, respectively.

Services/Rent

During the years ended September 30, 2016 and 2015, the Institute received reimbursement of $4,639 and $2,286, respectively, for administrative services and other expenses and $2,200, for each year, for rent from affiliates, which is netted against the related expenses in the accompanying statement of activities. As of September 30, 2016, $3,026 is recorded in contributions receivable, and as of September 30, 2015, $1,825 is recorded in accounts payable in the accompanying statement of financial position.

Note 8: Line of Credit

At September 30, 2016 and 2015, the Institute had a $1,000,000 unsecured revolving line of credit agreement with a financial institution. The line of credit matures on March 17, 2017. At September 30, 2016 and 2015, advances bear interest at the rate of 3.50 percent and 3.25 percent, respectively. As of September 30, 2015, the amount outstanding on the line of credit was $150,000. There was no amount outstanding as of September 30, 2016. The line of credit provides for various covenants and restrictions. As of September 30, 2016 and 2015, the Institute was in compliance with its covenants.

THE AYN RAND INSTITUTE:
THE CENTER FOR THE ADVANCEMENT OF OBJECTIVISM
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(with prior-year data for comparison only)

Note 9: Temporarily Restricted Net Assets

Changes in the temporarily restricted net assets to be used for the benefit of the Institute or its operations are as follows as of and for the year ended September 30, 2016:

	Available September 30, 2015	Contributions	Expenditures	Available September 30, 2016
Archives	$ 1,778	$ 24,582	$ 24,582	$ 1,778
Archives - Estate of Allan Gotthelf	86,926	11,428	1,788	96,566
Archives - Smith	70,839	-	28,608	42,231
Ayn Rand Center	-	7,625	7,625	-
Ayn Rand Institute Campus	198,757	-	16,943	181,814
Book Promotion	124,527	144,938	256,921	12,544
Campus Clubs	1,000	-	-	1,000
Chicago Chapter	199,317	199,630	238,722	160,225
Chicago Scholarship Fund	49,588	-	42,983	6,605
College Programs	-	114,500	50,000	64,500
Content Production	-	7,586	7,586	-
Digital Strategy	-	600	600	-
End the Debt Draft Campaign	-	1,000	1,000	-
Essay Contests	2,278	23,332	23,832	1,778
European Programs	50,000	149,900	199,900	-
Free Books to Teachers	89,292	615,426	437,823	266,895
Free Speech Campaign	-	50	50	-
Graphic Design	-	50,000	50,000	-
High School Programs	-	10,245	10,245	-
Internships	10,847	-	-	10,847
Israel	-	5,500	-	5,500
John Ridpath Fund for New Intellectuals	240,659	80,775	265,754	55,680
Latin America	10,000	15,000	16,106	8,894
Law Studies	-	12,700	12,700	-
Memorial Scholarship Funds	252,122	34,655	8,700	278,077
OAC Scholarships	75,713	31,601	19,169	88,145
Objectivist Student Conference	126,826	410,623	126,827	410,622
OCON Scholarships	-	23,000	23,000	-
Podcast	14,818	-	937	13,881
Radio Show	-	449	449	-
Technical Assistance	-	2,500	697	1,803
Restricted for Use in Future Periods	1,509,665	296,808	1,229,754	576,719
Total	$ 3,114,952	$ 2,274,453	$ 3,103,301	$ 2,286,104

Note 10: Special Events

The Institute holds several large annual dinners for donors and others, which are for both program and fundraising purposes. Revenue from these events for the year ended September 30, 2016, totaled $793,444, of which $139,742 is included in other income and $653,702 is included in contributions in the accompanying statement of activities. Revenue from these events for the year ended September 30, 2015, totaled $617,350, of which $90,485 is included in other income and $526,865 is included in contributions in the accompanying statement of activities. Expenses from these events for the years ended September 30, 2016 and 2015, totaled $78,392 and $65,185, respectively, which are included in events in the accompanying statement of functional expenses.

Note 11: Retirement Plan

The Institute's employees participate in a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of the Institute. The Institute will match 50 percent of employee's elective deferrals, to an annual maximum of $3,000 per employee. The employees may also make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Institute contributed $83,920 and $83,472 to the plan during the years ended September 30, 2016 and 2015, respectively, which are recorded in burden in the accompanying statement of functional expenses. The assets of this plan are the legal assets of the participants in the plan, and therefore, there are no assets or liabilities reported in the statement of financial position for this plan.

Several Institute employees participate in a tax-deferred plan qualified under Section 457(b) of the Internal Revenue Code. The plan is available to a select group of management employees and is funded solely by employee contributions. The Institute may make discretionary contributions to the plan as determined each year by the Institute. For the years ended September 30, 2016 and 2015, there were no Institute contributions to the plan. The assets of this plan are the legal assets of the Institute until they are distributed to the participants, and therefore, the plan assets and a corresponding liability of $837,956 and $757,018, at September 30, 2016 and 2015, respectively, are reported in the statement of financial position.

Note 12: Noncapitalized Assets

The Institute has collections that are housed in the Ayn Rand Archives. These collections include the Ayn Rand Papers, as well as other artifacts of historical significance and works of art. In accordance with accounting principles generally accepted in the United States of America, these items are not capitalized on the financial statements.

Note 13: Subsequent Events

The Institute evaluated subsequent events after the balance sheet date of September 30, 2016, through January 12, 2017, the date the financial statements were available to be issued, and believes that no additional financial statements disclosures are necessary.