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

Financial Statements

Year ended September 30, 2021

(With Independent Auditor's Report Thereon)

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Davis Farr
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Ayn Rand Institute: The Center for the Advancement of Objectivism ("Institute"), which comprise of the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 of 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Modified Opinion

The Institute has excluded the financial statements of Anthem Foundation for Objectivist Scholarship ("Foundation") in the accompanying financial statements. The Foundation's financial statements are required to be consolidated in accordance with accounting principles generally accepted in the United States of America. If the financial statements were consolidated, assets would be increased by $400,972, liabilities would be increased by $3,597, and net assets by $397,375 as of September 30, 2021, and the change in net assets would be increased by $35,145 for the year then ended.

Additionally, the Institute has $201,925 recorded as Inventories in the accompanying Statement of Financial Position. We were unable to perform a physical inventory observation to verify the existence and valuation of the inventory.

Modified Opinion

In our opinion, except for the effects on the financial statements of not consolidating the Foundation and not performing a physical inventory observation as described in the Basis for Modified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of September 30, 2021 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the year ended September 30, 2021, the Institute implemented Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2018-08: Revenue Recognition.

The financial statements for the year ended September 30, 2021, reflect a prior period adjustment as described further in Note 14 to the financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Institute's September 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davis Farr LLP

Irvine, California
February 10, 2023

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

Statement of Financial Position

September 30, 2021
(with comparative totals for September 30, 2020)

Assets

	2021	2020
Current Assets:		
Cash and cash equivalents	$ 1,213,861	5,160,972
Investments (note 5)	12,091,988	78,864
Contributions receivable	38,630	133,320
Other receivables	387,883	2,208
Inventories	201,925	9,593
Prepaid expenses	132,346	57,916
Current portion of investments - split interest agreements (Note 8)	130,649	126,541
Total Current Assets	14,197,282	5,569,414
Other Assets:		
Investments - split interest agreements, net of current portion (Note 8)	2,696,313	2,421,862
Beneficial interests in insurance policy	52,875	35,168
Property and equipment, net (Note 6)	88,384	117,909
Deposits and other assets	149,435	157,724
457(b) plan participant accounts (Note 12)	1,433,174	1,148,286
Total Other Assets	4,420,181	3,880,949
Total Assets	$ 18,617,463	9,450,363

Liabilities and Net Assets

	2021	2020
Current Liabilities:		
Accounts payable	$ 190,751	162,845
Accrued compensation and related expenses	608,585	730,151
Accrued liabilities	440,989	576,504
Current portion of liabilities under split-interest agreements (Note 8)	130,649	126,541
Total Current Liabilities	1,370,974	1,596,041
Other Liabilities:		
Liabilities under split-interest agreements, net of current portion (Note 8)	1,834,457	2,010,707
457(b) plan participant accounts (Note 12)	1,433,174	1,148,286
Loan payable	-	713,100
Total Other Liabilities	3,267,631	3,872,093
Total Liabilities	4,638,605	5,468,134
Net Assets:		
Without donor restrictions	13,546,565	2,401,955
With donor restrictions (Note 11)	432,293	1,580,274
Total Net Assets	13,978,858	3,982,229
Total Liabilities and Net Assets	$ 18,617,463	9,450,363

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

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

Statement of Activities

Year ended September 30, 2021
(with comparative totals for year ended September 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals 2021	Totals 2020
Revenues and Support:				
Contributions	$ 14,616,412	1,323,338	15,939,750	8,810,946
Other income	1,464,924	-	1,464,924	298,189
Investment income	291,978	-	291,978	3,543
Change in value of split-interest agreements	189,693	-	189,693	(141,413)
Net assets released from restrictions (Note 10)	2,471,319	(2,471,319)	-	-
Total Revenues and Support	19,034,326	(1,147,981)	17,886,345	8,971,265
Expenses:				
Program Services:				
Educational programs	3,555,155	-	3,555,155	3,003,123
Outreach programs	2,522,623	-	2,522,623	1,738,661
Campus support	300,172	-	300,172	238,808
Total Program Services	6,377,950	-	6,377,950	4,980,592
Management and General	663,837	-	663,837	836,127
Fundraising	982,034	-	982,034	1,124,170
Total Support Services	1,645,871	-	1,645,871	1,960,297
Total Expenses	8,023,821	-	8,023,821	6,940,889
Change in Net Assets	11,010,505	(1,147,981)	9,862,524	2,030,376
Net Assets, Beginning of Year, as Restated (Note 14)	2,536,060	1,580,274	4,116,334	1,951,853
Net Assets, End of Year	$ 13,546,565	432,293	13,978,858	3,982,229

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

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

Statement of Functional Expenses

Year ended September 30, 2021
(with comparative totals for year ended September 30, 2020)

	Program Services				Support Services		Totals	
	Educational Programs	Outreach Programs	Other	Total	Management and General	Fundraising	2021	2020
Accounting	$ 30,887	17,841	3,934	52,662	2,395	9,148	64,205	71,551
Advertising and promotion	36,593	36,148	-	72,741	1,500	-	74,241	42,706
Books	508,816	5,930	2	514,748	302	847	515,897	143,477
Depreciation	20,818	9,124	2,657	32,599	3,957	3,224	39,780	44,782
Design	-	-	-	-	-	-	-	3,037
Editing	-	-	-	-	-	-	-	12,120
Equipment	11,433	1,094	767	13,294	12,438	-	25,732	11,890
Events	-	-	277	277	-	-	277	164,078
Insurance	13,472	5,141	1,720	20,333	19,049	4,013	43,395	28,842
Interest	-	-	-	-	-	-	-	2,186
Labor burden	165,214	94,911	21,090	281,215	21,314	49,213	351,742	560,602
Legal	-	-	-	-	40,420	47,670	88,090	11,907
List rental	-	-	-	-	-	-	-	20,076
Meetings, training and conferences	181	117,766	409	118,356	15,023	43,281	176,660	20,585
Online services	61,385	89,314	838	151,537	9,819	26,739	188,095	113,130
Other	592	-	-	592	915	-	1,507	2,660
Outreach	702	2,858	-	3,560	22,636	15,964	42,160	36,009
Outside services	469,121	862,720	7,445	1,339,286	191,279	70,491	1,601,056	939,326
Postage and freight	116,810	7,899	1,556	126,265	2,069	28,397	156,731	66,437
Printing and mailing	840	29,557	-	30,397	3,078	13,205	46,680	37,254
Prizes, grants, and scholarships	82,470	39,663	-	122,133	-	-	122,133	271,894
Rent	382,176	194,385	47,704	624,265	7,087	117,274	748,626	834,486
Repairs and maintenance	-	-	4,564	4,564	4,613	-	9,177	4,034
Royalties	3,712	6,597	-	10,309	-	-	10,309	13,097
Salaries	1,618,377	929,706	206,601	2,754,684	204,160	482,070	3,440,914	3,267,544
Supplies	4,192	7,396	283	11,871	31,317	17,948	61,136	30,270
Taxes, licenses, and fees	760	242	-	1,002	4,111	40,634	45,747	43,185
Telephone	-	-	18	18	-	-	18	1,930
Transportation	-	-	-	-	-	-	-	1,474
Travel	26,604	64,331	307	91,242	66,355	11,916	169,513	140,320
	$ 3,555,155	2,522,623	300,172	6,377,950	663,837	982,034	8,023,821	6,940,889

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

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

Statement of Cash Flows

Year ended September 30, 2021
(with comparative totals for year ended September 30, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 9,862,524	2,030,376
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	39,780	44,782
Forgiveness of PPP loan	(713,100)	-
Net decrease in split-interest investments	(476,503)	101,142
Unrealized and realized gains on investments	(9,229)	-
Changes in operating assets and liabilities:		
Contributions receivable	94,690	(69,197)
Other receivables	(385,675)	102,921
Inventories	(74,694)	(591)
Prepaid expenses	(57,963)	36,752
Deposits and other assets	8,289	1,219
Accounts payable, accrued compensation and related expenses, and accrued liabilities	(229,175)	315,797
Net cash and cash equivalents provided by (used in) operating activities	8,058,944	2,563,201
Cash flows from investing activities:		
Proceeds from sale of investments	36,782	1,872
Purchase of investments	(12,032,582)	-
Purchase of property and equipment	(10,255)	(5,213)
Net cash and cash equivalents provided by investing activities	(12,006,055)	(3,341)
Cash flows from financing activities:		
Loan proceeds	-	713,100
Payments on long term debt	-	(150,236)
Net cash and cash equivalents provided by investing activities	-	562,864
Net change in cash and cash equivalents	(3,947,111)	3,122,724
Cash and cash equivalents, beginning of year	5,160,972	2,038,248
Cash and cash equivalent, end of year	$ 1,213,861	5,160,972
Noncash investing and financing activities:		
Forgiveness of PPP loan	$ 713,100	-
Supplemental Disclosure:		
Interest paid	$ -	2,186

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

Note 1: 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:

Educational Programs

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's 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 fictional 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.

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.

Note 1: Nature of Operations (Continued)

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, and 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.

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.

Other

Ayn Rand Archives: The Ayn Rand Archives (the "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 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 2: Summary of Significant Accounting Policies

Basis of Presentation

The Institute's resources are classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions. Generally, the donors of these assets permit the Institute to use all or part of the income earned on related investments for general or specific purposes. Accordingly, the net assets of the Institute are classified and reported as follows:

Note 2: Summary of Significant Accounting Policies (Continued)

- Net Assets without Donor Restrictions – Net assets of the Institute that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

- Net Assets with Donor Restrictions – Net assets of the Institute that are subject to donor- imposed restrictions (donors include other types of contributors, including markers of certain grants).

Use of Estimates

The preparation of the financial statements in accordance with US 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 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.

Cash and Cash Equivalents

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

Investments

Investments consist of short-term investments, mutual funds, and exchange-traded funds, bonds, and equity securities that are carried at fair value. 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 and losses on those investments, is shown in the statement of activities.

The accounting guidance 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

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.

Note 2: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded 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.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. 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 8 for more details).

Revenue is recognized for tuition income, conference revenue and book sales when the performance obligations of transferring the products and providing the services are met.

Contributed securities and other noncash donations are recorded as donations at their estimated fair values at the date of donation. 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, or would typically need to be purchased if not provided by donation.

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.

Laws and regulations concerning government programs, including the Employee Retention Credit (ERC) established by the Coronavirus Aid, Relief, and Economic Securities (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Institute's claim to the ERC, and it is not possible to determine the impact if any this would have upon the Institute.

Note 2: Summary of Significant Accounting Policies (Continued)

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 that totaled $81,423 at September 30, 2021 and these amounts are included in liabilities under split interest agreements in the accompanying statements of financial position. 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. As of September 30, 2021, there was no allowance recorded against receivables.

Inventories

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

Beneficial Interests in Insurance Policy

In 2006, the Institute received a beneficial interest in a $1,000,000 insurance policy. The asset is recorded at cash surrender value of $52,875 at September 30, 2021. The change in fair value of the insurance policy of $17,707 is recorded as change in value of split-interest agreements in the accompanying statements of activities for the year ended September 30, 2021.

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.

Note 2: Summary of Significant Accounting Policies (Continued)

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 that 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, 2021, the Institute did not have any unrecognized tax benefits. The Institute is no longer subject to US federal, state, or local income tax examinations by tax authorities for fiscal years ended before 2017.

Functional Allocation of Expenses

The costs of providing various program services and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the program 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.

For the year ended September 30, 2021, there were no joint costs. The amounts are accounted for in postage and freight expenses in the accompanying statement of functional expenses.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Note 3: Liquidity and Availability

The Institute's 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, are as follows as of September 30, 2021:

Financial assets:	
Cash and equivalents	$ 1,213,861
Investments	12,091,988
Contributions receivable	38,630
Other receivables	387,883
Total financial assets	13,732,362
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	(432,293)
Total financial assets available to meet general expenditures within one year	$ 13,300,069

Note 4: 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 ("FDIC") for up to $250,000 per institution. Throughout the course of the year, the Institute regularly maintains cash balances in excess of FDIC limits. 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 for up to a maximum of $500,000, including a maximum of $250,000 for cash balances. At year ended September 30, 2021, the balance exceeds the FDIC limit by $1,299,772.

During the year ended September 30, 2021, the Institute received contributions totaling approximately $9,000,000 from a single donor which represents 56% of total contributions.

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 a line of credit agreement against certain claims as a result of a breach of representation made to the financial institution.

Note 4: 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 has 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 5: 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 insurance policy and trusts and liabilities under split-interest agreements, including the general classification of such instruments pursuant to 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 the 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

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Institute are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Institute are deemed to be actively traded. These investments have been classified within Level 1 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 2 of the valuation hierarchy. A detailed listing of activity and the assumptions used in calculating fair value for the year ended September 30, 2021, is included in Note 8.

Note 5: Assets and Liabilities Measured at Fair Value (Continued)

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, 2021:

	Quoted Priced in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$ 7,889	-	-	7,889
Mututal funds:				
Bond funds	-	12,021,916	-	12,021,916
Equity funds	56,361	-	-	56,361
Alternative investments	-	5,822	-	5,822
Total investments	$ 64,250	12,027,738	-	12,091,988

	Quoted Priced in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$ 79,810	-	-	79,810
Mututal funds:				
Bond funds	-	927,180	-	927,180
Equity funds	1,765,467	-	-	1,765,467
Alternative investments	-	54,505	-	54,505
Total split interest agreements	$ 1,845,277	981,685	-	2,826,962

The following table presents the fair value hierarchy for those liabilities measured at fair value on a recurring basis as of September 30, 2021:

	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	$ -	(1,965,106)	-	(1,965,106)

Note 6: Property and Equipment

Property and equipment consist of the following at September 30, 2021:

Computers	$ 79,868
Office equipment	24,951
Furniture	115,053
Leasehold improvements	40,519
	260,391
Less: Accumulated depreciation	(172,007)
Property and Equipment, net	$ 88,384

Depreciation expense for the year ended September 30, 2021 was $39,780.

Note 7: Commitments and Contingencies

Obligations under Operating Leases

The Institute operates from facilities leased under two noncancelable operating leases expiring in various years through November 2024. The Institute entered into a sublease agreement for 8,460 square feet of office space in Santa Ana, California. The sublease agreement requires monthly rent of $16,074 through the termination of the lease in February 2024.

The future minimum payments under these operating leases for the fiscal years ended September 30 are as follows:

2022	$ 652,741
2023	674,344
2024	307,010
2025	6,300
Total	$ 1,640,395

Total rent expense for the year ended September 30, 2021 was $714,272.

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 July 8, 2022. Minimum costs associated with these commitments as of September 30, 2021, totaled $355,670.

Note 7: Commitments and Contingencies (Continued)

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.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus ("COVID-19"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase of the virus and its global exposure. Additionally, many US states, including California where the Foundation is headquartered, have declared a state of emergency.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Institute's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the Foundation's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on the results of its operations, financial condition, or liquidity.

Note 8: Split-Interest Agreements

Split-Interest Agreements include the Beneficial interest in Insurance Policy (Note 2), Charitable Remainder Trust (Note 2), Charitable Gift Annuities, and Pooled Income Funds.

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 or her lifetime. If the donor does not specify when the payments are to begin, the Institute records the maximum 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 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% discount rate for the year ended September 30, 2021.

Note 8: Split-Interest Agreements (Continued)

To estimate the remaining lives of donors, the Institute utilized the 2012 Individual Annuity Reserving Report and Table for the year ended September 30, 2021. 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, 2021, the Institute was in compliance with the States' requirements for minimum reserves as follows:

	Regulating State	
	California	Florida
Assets on reserve	$ 130,649	124,999
Required reserve amount	(104,786)	(85,924)
Excess	$ 25,863	39,075

Charitable gift annuity activities for the year ended September 30, 2021 are as follows:

	Investments in Charitable Gift Annuitites	Liabilities to Beneficiaries under Charitable Gift Annuitites	Net Activity
Balance, September 30, 2020	$ 2,304,223	(1,959,783)	344,440
Changes in value	275,809	188,819	464,628
Balance, September 30, 2021	$ 2,580,032	(1,770,964)	809,068

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 4.28% for the year ended September 30, 2021.

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.

Note 8: Split-Interest Agreements (Continued)

Initial net values of the contributions from pooled income funds are recorded as contributions in the accompanying statement of activities under net assets with donor restrictions. Increases/decreases resulting from changes in actuarial assumptions and accretions of the discount are recorded as net increase (decrease) in split-interest agreements in the accompanying statement of activities under net assets with donor restrictions.

Pooled income fund activities for the year ended September 30, 2021 are as follows:

	Investments in Pooled Income Funds	Deferred Revenue under Pooled Income Funds	Net Activity
Balance, September 30, 2020	$ 244,180	(104,137)	140,043
Changes in value	2,749	(8,582)	(5,833)
Balance, September 30, 2021	$ 246,929	(112,719)	134,210

Note 9: Related-Party Transactions

Ayn Rand Institute of Canada

The Ayn Rand Institute of Canada is an affiliated organization whose Board of Directors is made up of 50% of the Institute's Board Members. Additionally, the Institute handles all management and operational functions of The Ayn Rand Institute of Canada through an affiliation agreement. The financial statements of Ayn Rand Institute of Canada are not consolidated in the accompanying financial statements because consolidation is permitted, but not required, when control is not met through a majority voting interest. During the fiscal year ended September 30, 2021, the Institute billed $59,590 (net of contributions) for book sales to the Ayn Rand Institute of Canada and has an outstanding receivable of $97,669 at September 30, 2021, offset by an allowance for doubtful accounts for the full amount.

Anthem Foundation for Objectivist Scholarship

The Anthem Foundation for Objectivist Scholarship is an affiliated organization whose Board of Directors has a majority voting interest. The Institute handles all management and operational functions of the Anthem Foundation. The accounting standards require consolidation of the financial statements; however, the accompanying financial statements are not consolidated. The Institute provided Anthem Foundation shared services and facilities at no charge during the fiscal year ended September 30, 2021.

Note 9: Related-Party Transactions (Continued)

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 year ended September 30, 2021, royalty fees totaled approximately $576 and teaching fees and other services totaled approximately $170,350, which are recorded in outside services in the accompanying statement of functional expenses.

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 year ended September 30, 2021 totaled approximately $427,194, which is recorded in contributions in the accompanying statement of activities.

Note 10: Net Assets Released from Restrictions

Net assets released from restrictions consist of the following at September 30, 2021:

Satisfaction of time restriction	$ 1,000,000
Satisfaction of purpose restriction	1,471,319
Total released from restriction	$ 2,471,319

Note 11: Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at September 30, 2021:

Purpose restrictions, available for spending:	
Projects	$ 432,293
Total purpose restricted net assets	432,293
Total net assets with donor restrictions	$ 432,293

Note 12: Retirement Plans

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% of employee's elective deferrals to an annual maximum of $3,000 per employee. The employees may also make contributions to the plan for up to the maximum amount allowed by the Internal Revenue Code. The Institute contributed $81,662 to the plan during the year ended September 30, 2021. 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.

Note 12: Retirement Plans (Continued)

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 year ended September 30, 2021, 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; therefore, plan assets and a corresponding liability of $1,433,174 at September 30, 2021 is reported in the statements of financial position.

Note 13: 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 US GAAP, these items are not capitalized on the financial statements.

Note 14: Prior Period Adjustment

During the year ended September 30, 2021, the Institute made the following adjustments to beginning net assets:

Beginning net assets	$ 3,982,229
Adjustment of prepaid expense	16,467
Adjustment of inventory	117,638
Beginning net assets, as restated	$ 4,116,334

Note 15: Subsequent Events

The Institute evaluated subsequent events through February 10, 2023, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

On December 15, 2022, the Institute extended the lease on one of its office spaces through 2026.