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

Consolidated Financial Statements

Year ended September 30, 2024

(With Independent Auditor's Report Thereon)

THE AYN RAND INSTITUTE:
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DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

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 Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of the Ayn Rand Institute: The Center for the Advancement of Objectivism ("Institute"), which comprise the consolidated statement of financial position as of September 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of September 30, 2024 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Institute's consolidated financial statements. The *consolidating statement of financial position* and *consolidating statement of activities* are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

The *consolidating statement of financial position* and *consolidating statement of activities* are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *consolidating statement of financial position* and *consolidating statement of activities* are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Institute's September 30, 2023 financial statements, and we expressed a modified audit opinion on those audited financial statements in our report dated March 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davis Farr LLP

Irvine, California
February 28, 2025

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

Consolidated Statement of Financial Position

September 30, 2024
(with comparative totals for September 30, 2023)

Assets

	2024	2023
Current Assets:		
Cash and cash equivalents	$ 11,464,275	$ 7,017,899
Investments (Note 5)	19,820,260	14,814,418
Contributions receivable, net (Note 6)	14,165,066	275,330
Other receivables, net	3,516	229,343
Due from affiliate, net (Note 10)	9,991	-
Inventories, net	157,570	281,552
Prepaid expenses	123,739	178,984
Current portion of investments - split interest agreements (Notes 5 and 9)	111,895	104,891
Total Current Assets	45,856,312	22,902,417
Other Assets:		
Investments - split interest agreements, net of current portion (Notes 5 and 9)	1,556,494	1,427,102
Beneficial interests in insurance policy	51,243	49,185
Property and equipment, net (Note 7)	4,172,176	4,762,984
Operating lease right of use asset, net (Note 8)	643,262	1,144,082
Deposits and other assets	43,246	155,656
457(b) plan participant accounts (Note 12)	701,406	556,412
Total Other Assets	7,167,827	8,095,421
Total Assets	$ 53,024,139	30,997,838

Liabilities and Net Assets

	2024	2023
Current Liabilities:		
Accounts payable	$ 207,561	$ 139,269
Accrued compensation and related expenses	1,043,824	889,273
Accrued liabilities	371,382	439,216
Due to affiliate (Note 10)	-	4,536
Current portion of liabilities under split-interest agreements (Note 9)	111,895	104,891
Operating lease liability (Note 8)	310,699	469,702
Total Current Liabilities	2,045,361	2,046,887
Other Liabilities:		
Deposit payable	-	16,074
Liabilities under split-interest agreements, net of current portion (Note 9)	1,216,524	1,253,850
457(b) plan participant accounts (Note 12)	701,406	556,412
Operating lease liability, net of current portion (Note 8)	184,668	491,201
Total Other Liabilities	2,102,598	2,317,537
Total Liabilities	4,147,959	4,364,424
Net Assets:		
Without donor restrictions	25,579,262	26,612,379
With donor restrictions (Note 11)	23,296,918	21,035
Total Net Assets	48,876,180	26,633,414
Total Liabilities and Net Assets	$ 53,024,139	$ 30,997,838

See accompanying notes to the Consolidated Financial Statements.

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

Consolidated Statement of Activities

Year ended September 30, 2024
(with comparative totals for year ended September 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	Totals 2023
Revenues and Support:				
Contributions	$ 5,927,445	24,930,298	30,857,743	14,412,621
Special event revenue, net	145,961	-	145,961	115,090
Other income	1,074,885	-	1,074,885	891,161
Investment income	1,305,755	-	1,305,755	489,076
Change in value of split-interest agreements	39,854	-	39,854	245,867
Net assets released from restrictions (Note 11)	1,654,415	(1,654,415)	-	-
Total Revenues and Support	10,148,315	23,275,883	33,424,198	16,153,815
Expenses:				
Program Services:				
Educational programs	4,722,269	-	4,722,269	5,287,579
Outreach programs	3,687,777	-	3,687,777	3,564,708
Other	1,333,336	-	1,333,336	844,756
Total Program Services	9,743,382	-	9,743,382	9,697,043
Supporting Services:				
Management and general	708,528	-	708,528	846,262
Fundraising	729,522	-	729,522	534,474
Total Support Services	1,438,050	-	1,438,050	1,380,736
Total Expenses	11,181,432	-	11,181,432	11,077,779
Change in Net Assets	(1,033,117)	23,275,883	22,242,766	5,076,036
Net Assets, Beginning of Year	26,612,379	21,035	26,633,414	21,557,378
Net Assets, End of Year	$ 25,579,262	23,296,918	48,876,180	26,633,414

See accompanying notes to the Consolidated Financial Statements.

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

Consolidated Statement of Functional Expenses

Year ended September 30, 2024
(with comparative totals for year ended September 30, 2023)

	Program Services				Support Services		Totals	
	Educational Programs	Outreach Programs	Other	Total	Management and General	Fundraising	2024	2023
Accounting	$ 115,452	48,500	16,090	180,042	12,084	18,768	210,894	205,941
Advertising and promotion	106,831	28,816	-	135,647	-	-	135,647	53,678
Amortization of right of use asset	215,473	90,518	30,028	336,019	22,512	35,027	393,558	426,384
Books	112,366	2,297	-	114,663	4	2,082	116,749	591,944
Depreciation	16,052	5,900	574,494	596,446	1,436	2,463	600,345	337,384
Employee benefits and taxes	448,962	186,081	61,439	696,482	46,872	72,937	816,291	747,824
Equipment	483	273	10,276	11,032	11,357	-	22,389	11,288
Insurance	21,308	8,952	2,970	33,230	2,226	3,464	38,920	46,671
Interest	-	-	-	-	-	-	-	31,220
Legal	14,772	-	-	14,772	124,282	12,806	151,860	147,046
Meetings, training and conferences	1,387	643,999	319	645,705	7,857	1,670	655,232	693,668
Online services	26,171	103,016	8,782	137,969	750	9,429	148,148	166,981
Other	1,097	4,575	680	6,352	530	993	7,875	1,970
Outreach	141	73,444	-	73,585	14,996	18,867	107,448	95,933
Outside services	630,159	598,978	44,452	1,273,589	219,041	21,701	1,514,331	1,638,139
Postage and freight	18,527	20,665	69	39,261	160	7,274	46,695	184,835
Printing and mailing	1,850	91,475	4,380	97,705	552	6,604	104,861	78,138
Prizes, grants, and scholarships	209,895	264,086	-	473,981	-	-	473,981	618,021
Rent and utilities	21,999	8,921	11,275	42,195	9,691	3,452	55,338	85,746
Repairs and maintenance	-	-	-	-	2,979	-	2,979	-
Royalties	12,102	6,164	-	18,266	-	-	18,266	19,126
Salaries	2,740,018	1,199,345	393,037	4,332,400	123,352	438,464	4,894,216	4,479,598
Supplies	4,114	52,052	160,923	217,089	9,350	8,960	235,399	44,969
Taxes, licenses, and fees	1,110	422	-	1,532	22,578	29,193	53,303	49,324
Travel	2,000	249,298	14,122	265,420	75,919	35,368	376,707	321,951
	$ 4,722,269	3,687,777	1,333,336	9,743,382	708,528	729,522	11,181,432	11,077,779

See accompanying notes to the Consolidated Financial Statements.

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

Consolidated Statement of Cash Flows

Year ended September 30, 2024
(with comparative totals for year ended September 30, 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 22,242,766	$ 5,076,036
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Donated investments	(5,756,481)	-
Depreciation	600,345	337,384
Amortization of right-to-use asset - operating lease	383,136	426,384
Net increase in split-interest agreements	(39,854)	(245,867)
Unrealized and realized loss (gain) on investments, net	(1,143,036)	(377,065)
Changes in operating assets and liabilities:		
Contributions receivable	(13,889,736)	(275,330)
Other receivables	225,040	259,260
Inventories	123,982	162,253
Prepaid expenses	55,245	79,652
Deposits and other assets	230,094	149,100
Due to affiliate	(13,740)	9,158
Deposit payable	(16,074)	-
Accounts payable, accrued compensation and related expenses, and accrued liabilities	155,009	(622,106)
Operating lease liability	(465,536)	(643,286)
Net cash and cash equivalents provided by (used in) operating activities	2,691,160	4,335,573
Cash flows from investing activities:		
Proceeds from sale of investments	5,764,753	776,372
Purchase of investments	(4,000,000)	(131)
Purchase of property and equipment	(9,537)	(4,936,838)
Net cash and cash equivalents provided by (used in) investing activities	1,755,216	(4,160,597)
Net change in cash and cash equivalents	4,446,376	192,026
Cash and cash equivalents, beginning of year	7,017,899	6,825,873
Cash and cash equivalent, end of year	$ 11,464,275	7,017,899
Noncash investing and financing activities:		
Donated investments	$ (5,756,481)	-

See accompanying notes to the Consolidated Financial Statements.

Note 1: Nature of Operations

The Ayn Rand Institute: The Center for the Advancement of Objectivism consists of two entities, The Ayn Rand Institute: The Center for the Advancement of Objectivism ("ARI" or the "Institute") and Ayn Rand Museum and Foundation ("ARMAF").

ARI

ARI 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.

ARU: The ARU 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 Graduate Center ("GC"). The GC offers the only systematic program of instruction in the essentials of Objectivism. This program focuses on students exploring the possibility of an intellectual career; the Junior Fellow Program, which is an Advanced Education Program offers instruction to committed students, as well as career guidance, mentoring, and financial assistance.

Note 1: 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, 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, YouTube 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 1: Nature of Operations (Continued)

ARMAF

ARMAF was established in 2023 to construct a museum in Austin, Texas to honor the legacy of Ayn Rand and promote Objectivism.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include ARI and ARMAF due to the commonality in senior management and the Board of Directors. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

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

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:

- 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 consolidated 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 consolidated 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.

Note 2: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, 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.

Leases

The Institute determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Institute does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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

Note 2: Summary of Significant Accounting Policies (Continued)

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 9 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.

In-kind Contributions

In-kind contributions are recognized in the consolidated 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 consolidated financial statements.

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

Split Interest Agreements

Split-Interest Agreements include beneficial interest in insurance policy, charitable remainder unitrusts, charitable gift annuities, and pooled income funds.

In 2006, the Institute received a beneficial interest in a $1,000,000 insurance policy. The asset is recorded at cash surrender value of $51,243 at September 30, 2024. The change in fair value of the insurance policy is recorded as *change in value of split-interest agreements* in the accompanying statements of activities for the year ended September 30, 2024.

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 $68,410 at September 30, 2024 and these

Note 2: Summary of Significant Accounting Policies (Continued)

amounts are included in *liabilities under split interest agreements* in the accompanying consolidated statement of financial position. The Institute offsets all investment gains/losses, expenses, and quarterly payments to donors against the asset and liability.

Charitable gift annuities and pooled income funds are presented in the Consolidated Statement of Financial Position as *investments – split interest agreements*. All investment gains/losses are recorded on the Statement of Activities as *investment income (loss)* and changes in fair value are recorded in *change in value of split-interest agreements*.

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, 2024, 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.

Income Taxes

ARI and ARMAF are public charities that have 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.

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, 2024, 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 2020.

Advertising Costs

Advertising costs are expensed as incurred and totaled $135,647 during the year ended September 30, 2024.

Note 2: Summary of Significant Accounting Policies (Continued)

Collections

Collections of written works and museum items are not capitalized by the Institute.

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, 2024, there were no joint costs.

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, 2023, from which the summarized information was derived.

Change in Accounting Principles

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements, which modifies the measurement of expected credit losses of certain financial instruments. The Organization adopted this new ASU on September 1, 2023, with no material impact on the financial statements.

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, 2024:

Financial assets:	
Cash and equivalents	$ 11,464,275
Investments	19,820,260
Contributions receivable	14,165,066
Other receivables	3,516
Due from affiliate	9,991
Total financial assets	45,463,108
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	23,296,918
Total financial assets available to meet general expenditures within one year	$ 22,166,190

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, 2024, cash balances exceeds the FDIC limit by $10,928,329.

Note 5: Assets and Liabilities Measured at Fair Value

The following is a description of the valuation methodologies used for investments and liabilities under split-interest agreements, including the general classification of such instruments pursuant to the valuation hierarchy.

Mutual 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.

Short Duration Common Trust

The Institute has invested in the Sterling Capital Short Duration Common Trust Fund ("CT"), which is a common trust fund sponsored by Hand Benefits & Trust Company, a company that invests in the strategies of Sterling Capital Management LLC, which serves as the advisor to the common trust fund. The CT is valued based on net asset value ("NAV"). The NAV of the CT investment is calculated based on the value of the underlying net assets held by the CT divided by the number of outstanding shares in the CT. The NAV of the CT may fluctuate due to changes in the value of the underlying net assets. In addition, the actual amount realized may be more or less than NAV, as actual proceeds may be impacted by the timing and manner or any sale or disposition. CT withdrawals require notice to the trustee, which will distribute proceeds as soon as reasonably practicable but in no instance more than 7 business days after such notice. The common trust fund investment strategy aims to maximize total portfolio return through a multi-faceted approach combining top-down macroeconomic analysis with bottom-up security selection. Emphasizing risk management, the strategy considers macro trends, interest rate expectations, sector allocations, and fundamental security analysis to optimize portfolio composition while adjusting holdings in response to changing market conditions. The Fund risks include active management risk, fixed-income securities risk, below-investment-grade securities risk, mortgage-backed and asset-backed securities risk, U.S. Government Obligations risk, and new fund risk. At September 30, 2024 the Institute owned 11.73% of the shares of the common trust fund.

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

Delaware Statutory Trust

Delaware Statutory Trust ("DST") investments are valued based on their net asset value ("NAV"). The NAV of the DST investment is calculated based on the value of the underlying net assets held by the DST divided by the number of outstanding shares in the DST. The NAV of the DST may fluctuate due to changes in the value of the underlying net assets. In addition, the actual amount realized may be more or less than NAV, as actual proceeds may be impacted by the timing and manner or any sale or disposition. The Institute believes the NAV of the DST investments is a reasonable estimate of the amount that could be realized in a current sale or orderly disposition of the investments. However, the NAV of the DST investments are subject to uncertainties and may not accurately reflect the actual value that could be obtained upon sale or disposition. At September 30, 2024, ARI was unable to determine the NAV for a contribution receivable of a DST. As such, the contribution receivable has not been recorded in the accompanying consolidated financial statements.

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, 2024, is included in Note 9.

The following table presents the fair value hierarchy for investments measured at fair value on a recurring basis, except those measured at cost or by using NAV as a practical expedient as identified in the following, at September 30, 2024:

	Quoted Priced in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
Short Duration Common Trust Fund	$ -	-	-	16,834,440	16,834,440
Delaware Statutory Trust	-	-	-	2,981,471	2,981,471
Equity funds	-	4,349	-	-	4,349
Total investments	$ -	4,349	-	19,815,911	19,820,260

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

The following table presents the fair value hierarchy for investments – split interest agreements measured at fair value on a recurring basis, except those measured at cost or by using NAV as a practical expedient as identified in the following, at September 30, 2024:

	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	$ 78,860	-	-	78,860
Mutual funds:				
Bond funds	653,241	-	-	653,241
Equity funds	885,608	-	-	885,608
Real estate funds	-	50,680	-	50,680
Total split interest investments	$ 1,617,709	50,680	-	1,668,389

The following table presents the fair value hierarchy for those liabilities measured at fair value on a recurring basis as of September 30, 2024:

	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	$ -	(1,328,419)	-	(1,328,419)

Note 6: Contributions Receivable

Contributions receivable at September 30, 2024 are due as follows:

Due within one year	$ 5,805,816
Due within one to five years	8,696,799
Present value discount	(337,549)
Total contribution receivable	$ 14,165,066

Note 7: Property and Equipment

Property and equipment consist of the following at September 30, 2024:

Land	$ 3,256,388
Building	1,677,533
Computers	69,363
Office equipment	15,866
Furniture	34,021
Leasehold improvements	171,567
	5,224,738
Less: Accumulated depreciation	(1,052,562)
Property and Equipment, net	$ 4,172,176

Depreciation expense for the year ended September 30, 2024 was $600,345.

Note 8: Leases

The Institute leases office space under long-term non-cancelable operating lease agreements expiring on November 30, 2024 and April 30, 2026. The Institute includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The discount rate is based on the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The future minimum lease payments under noncancellable operating leases with terms greater than one year are listed below as of September 30, 2024:

September 30,	
2025	$ 318,981
2026	181,797
Total lease payments	500,778
Less interest	(5,411)
Present value of lease liabilities	$ 495,367

The right-of-use asset, net of $1,303,488 of amortization, is $643,262 as of September 30, 2024.

Note 9: Split-Interest Agreements

Split-Interest Agreement investments are reported as following in the accompanying Consolidated Statement of Net Position:

Charitable Gift Annuities	$ 1,380,920
Pooled Income Funds	219,059
Charitable Remainder Trust	68,410
Total investments in split-interest agreements	$ 1,668,389

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 5% discount rate for the year ended September 30, 2024.

To estimate the remaining lives of donors, the Institute utilized the 2012 Individual Annuity Reserving Report and Table for the year ended September 30, 2024. 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, 2024, the Institute was in compliance with the States' requirements for minimum reserves as follows:

	Regulating State	
	California	Florida
Assets on reserve	$ 111,895	85,231
Required reserve amoun	(92,702)	(72,249)
Excess	$ 19,193	$ 12,982

Note 9: Split-Interest Agreements (Continued)

Charitable gift annuity activities for the year ended September 30, 2024 are as follows:

	Investments in Charitable Gift Annuities	Liabilities to Beneficiaries under Charitable Gift Annuities	Net Activity
Balance, September 30, 2023	$ 1,271,128	(1,193,391)	77,737
Changes in value	109,792	23,214	133,006
Balance, September 30, 2024	$ 1,380,920	(1,170,177)	210,743

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 3.27% for the year ended September 30, 2024.

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 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, 2024 are as follows:

	Investments in Pooled Income Funds	Deferred Revenue under Pooled Income Funds	Net Activity
Balance, September 30, 2023	$ 199,928	(104,413)	95,515
Changes in value	19,131	14,581	33,712
Balance, September 30, 2024	$ 219,059	(89,832)	129,227

Note 10: 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 33% 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 consolidated financial statements because consolidation is permitted, but not required, when control is not met through a majority voting interest. As of September 30, 2024, the Institute has an outstanding receivable of $10,361 for books distributed and expenses advanced on behalf of Ayn Rand Institute of Canada, net of contributions received on their behalf.

Anthem Foundation for Objectivist Scholarship

The Anthem Foundation for Objectivist Scholarship is an affiliated organization whose Board of Directors is made up of 40% of the Institute's Board Members. The Institute handles all management and operational functions of the Anthem Foundation. The financial statements of Anthem Foundation are not consolidated in the accompanying consolidated financial statements because consolidation is permitted, but not required, when control is not met through a majority voting interest. The Institute provided Anthem Foundation shared services and facilities at no charge during the fiscal year ended September 30, 2024. At September 30, 2024, the Institute owed the Anthem Foundation $370 for contributions received on Anthem Foundation's behalf, net of expenses advanced for them by the Institute.

Royalties and Other Services

The Institute has several transactions with affiliated entities. These transactions involve payments for speaker fees, teaching fees, and other services. For the year ended September 30, 2024, speaker fees totaled approximately $132,761, and teaching fees and other services totaled approximately $136,432, which are recorded in outside services in the accompanying consolidated 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, 2024 totaled approximately $964,431, which is recorded in contributions in the accompanying consolidated statement of activities.

Note 11: Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at September 30, 2024:

Purpose restrictions, available for spending:		
Projects	$	23,296,918
Total net assets with donor restrictions	$	23,296,918

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specific by the donors as follows for the year ended September 30, 2024:

Satisfaction of purpose restrictions		
Operations and general use	$	1,654,415

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 $85,652 to the plan during the year ended September 30, 2024. 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 consolidated 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 year ended September 30, 2024, 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 $701,406 at September 30, 2024 is reported in the consolidated statement 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 consolidated financial statements.

Note 14: Loan Agreement between Consolidated Entities

On April 12, 2023, the Ayn Rand Institute loaned the Ayn Rand Museum and Archives Foundation $5,000,000 with no provision for interest. The loan was payable in full on June 30, 2024 with the option of extending to a future date as long as both parties agree. The parties agreed to extend the loan repayment date to December 31, 2025. At September 30, 2024, the outstanding balance of the loan was $5,000,000. The loan has been eliminated in the Consolidated Statement of Financial Position.

Note 15: Commitments and Contingencies

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 5, 2025. Minimum costs associated with these commitments as of September 30, 2024, totaled $464,084.

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 consolidated financial statements.

Note 16: Subsequent Events

The Institute evaluated subsequent events through February 28, 2025, the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition at September 30, 2024 have been incorporated into these consolidated financial statements.

On November 19, 2024, the Institute purchased property in Texas for $1,700,000.

On December 12, 2024, the Board of Directors approved a change in the Institute’s fiscal year from September 30th to December 31st.

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

Consolidating Statement of Financial Position

September 30, 2024

Assets	Ayn Rand Institute	ARMAF	Eliminations	Total
Current Assets:				
Cash and cash equivalents	$ 11,396,490	67,785	-	11,464,275
Investments	19,820,260	-	-	19,820,260
Contributions receivable, net	14,165,066	-	-	14,165,066
Due from affiliate	140,030	-	(140,030)	-
Other receivables, net	13,877	-	-	13,877
Inventories, net	157,570	-	-	157,570
Prepaid expenses	123,739	-	-	123,739
Current portion of investments - split interest agreements	111,895	-	-	111,895
Total Current Assets	45,928,927	67,785	(140,030)	45,856,682
Other Assets:				
Investments - split interest agreements, net of current portion	1,556,494	-	-	1,556,494
Loan receivable from ARMAF	5,000,000	-	(5,000,000)	-
Beneficial interests in insurance policy	51,243	-	-	51,243
Property and equipment, net	77,022	4,095,154	-	4,172,176
Operating lease right of use asset	643,262	-	-	643,262
Deposits and other assets	43,246	-	-	43,246
457(b) plan participant accounts	701,406	-	-	701,406
Total Other Assets	8,072,673	4,095,154	(5,000,000)	7,167,827
Total Assets	$ 54,001,600	4,162,939	(5,140,030)	53,024,509
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	$ 207,561	-	-	207,561
Accrued compensation and related expenses	1,043,824	-	-	1,043,824
Accrued liabilities	371,382	-	-	371,382
Due to affiliate	370	140,030	(140,030)	370
Current portion of liabilities under split-interest agreements	111,895	-	-	111,895
Operating lease liability	310,699	-	-	310,699
Total Current Liabilities	2,045,731	140,030	(140,030)	2,045,731
Other Liabilities:				
Loan payable to Ayn Rand Institute	-	5,000,000	(5,000,000)	-
Liabilities under split-interest agreements, net of current portion	1,216,524	-	-	1,216,524
457(b) plan participant accounts	701,406	-	-	701,406
Operating lease liability	184,668	-	-	184,668
Total Other Liabilities	2,102,598	5,000,000	(5,000,000)	2,102,598
Total Liabilities	4,148,329	5,140,030	(5,140,030)	4,148,329
Net Assets:				
Without donor restrictions	26,556,353	(977,091)	-	25,579,262
With donor restrictions	23,296,918	-	-	23,296,918
Total Net Assets	49,853,271	(977,091)	-	48,876,180
Total Liabilities and Net Assets	$ 54,001,600	4,162,939	(5,140,030)	53,024,509

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

Consolidating Statement of Activities

Year ended September 30, 2024

	Ayn Rand Institute	ARMAF	Total
Revenues and Support:			
Contributions	$ 30,857,743	-	30,857,743
Special event revenue, net	145,961	-	145,961
Other income	1,074,885	-	1,074,885
Investment income	1,304,011	1,744	1,305,755
Change in value of split-interest agreements	39,854	-	39,854
Total Revenues and Support	33,422,454	1,744	33,424,198
Expenses:			
Program Services:			
Educational programs	4,722,269	-	4,722,269
Outreach programs	3,687,777	-	3,687,777
Other	769,158	564,178	1,333,336
Total Program Services	9,179,204	564,178	9,743,382
Supporting Services:			
Management and general	664,112	44,416	708,528
Fundraising	720,371	9,151	729,522
Total Support Services	1,384,483	53,567	1,438,050
Total Expenses	10,563,687	617,745	11,181,432
Change in Net Assets	22,858,767	(616,001)	22,242,766
Net Assets, Beginning of Year	26,994,504	(361,090)	26,633,414
Net Assets, End of Year	$ 49,853,271	(977,091)	48,876,180