

**AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF ACTIVITIES	6
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	7
CONSOLIDATED STATEMENTS OF CASH FLOWS	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	26
CONSOLIDATING STATEMENT OF ACTIVITIES	27



INDEPENDENT AUDITORS' REPORT

Board of Trustees
American Institute for Economic Research, Inc. and Subsidiary
Great Barrington, Massachusetts

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of American Institute for Economic Research, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 American Institute for Economic Research, Inc. and Subsidiary as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of American Institute for Economic Research, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated 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 American Institute for Economic Research, Inc. and Subsidiary's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 American Institute for Economic Research, Inc. and Subsidiary'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 American Institute for Economic Research, Inc. and Subsidiary'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the 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 financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
March 15, 2024

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 7,082,320	\$ 1,648,189	\$ 8,730,509
Investments	29,856,678	138,371	29,995,049
Accounts Receivable	1,083,291	-	1,083,291
Prepaid Income Tax	-	-	-
Prepaid Expenses	154,423	-	154,423
Total Current Assets	38,176,712	1,786,560	39,963,272
PROPERTY AND EQUIPMENT, NET	5,477,743	-	5,477,743
INVESTMENTS HELD UNDER SPLIT-INTEREST AGREEMENTS	-	148,999,917	148,999,917
Total Assets	\$ 43,654,455	\$ 150,786,477	\$ 194,440,932
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 205,859	\$ 5,500	\$ 211,359
Investment Advisory Fee Payable	-	94,994	94,994
Distributions Payable Under Split-Interest Agreements	-	1,535,517	1,535,517
Accrued Salaries and Paid Leave	755,637	-	755,637
Accrued income tax	47,208	-	47,208
Unearned Subscription Income	28,540	-	28,540
Total Current Liabilities	1,037,244	1,636,011	2,673,255
LONG-TERM LIABILITIES			
Liabilities Under Split-Interest Agreements	-	79,858,139	79,858,139
Liabilities Under Retirement Agreements	-	-	-
Deferred Income Tax	1,125	-	1,125
Total Long-Term Liabilities	1,125	79,858,139	79,859,264
NET ASSETS			
Without Donor Restrictions:			
Undesignated	34,979,596	-	34,979,596
Designated:			
Board-Designated	7,636,490	-	7,636,490
With Donor Restrictions:			
Purpose Restrictions	-	133,553	133,553
Assets Held Under Split-Interest Agreements	-	69,158,774	69,158,774
Total Net Assets	42,616,086	69,292,327	111,908,413
Total Liabilities and Net Assets	\$ 43,654,455	\$ 150,786,477	\$ 194,440,932

See accompanying Notes to Consolidated Financial Statements.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 6,516,821	\$ 1,865,750	\$ 8,382,571
Investments	29,497,682	123,463	29,621,145
Accounts Receivable	1,003,545	-	1,003,545
Prepaid Income Tax	87,349	-	87,349
Prepaid Expenses	244,344	-	244,344
Total Current Assets	37,349,741	1,989,213	39,338,954
PROPERTY AND EQUIPMENT, NET	6,092,957	-	6,092,957
INVESTMENTS HELD UNDER SPLIT-INTEREST AGREEMENTS	-	139,213,770	139,213,770
Total Assets	\$ 43,442,698	\$ 141,202,983	\$ 184,645,681
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 336,183	\$ 5,600	\$ 341,783
Investment Advisory Fee Payable	-	91,210	91,210
Distributions Payable Under Split-Interest Agreements	-	1,372,296	1,372,296
Accrued Salaries and Paid Leave	688,979	-	688,979
Accrued Income Tax	-	-	-
Unearned Subscription Income	30,064	-	30,064
Total Current Liabilities	1,055,226	1,469,106	2,524,332
LONG-TERM LIABILITIES			
Liabilities Under Split-Interest Agreements	-	72,652,792	72,652,792
Liabilities Under Retirement Agreements	208,356	-	208,356
Deferred Income Tax	7,005	-	7,005
Total Long-Term Liabilities	215,361	72,652,792	72,868,153
NET ASSETS			
Without Donor Restrictions:			
Undesignated	33,436,627	-	33,436,627
Designated:			
Board-Designated	8,735,484	-	8,735,484
With Donor Restrictions:			
Purpose Restrictions	-	119,220	119,220
Assets Held Under Split-Interest Agreements	-	66,961,865	66,961,865
Total Net Assets	42,172,111	67,081,085	109,253,196
Total Liabilities and Net Assets	\$ 43,442,698	\$ 141,202,983	\$ 184,645,681

See accompanying Notes to Consolidated Financial Statements.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS						
Subscriptions	\$ 34,511	\$ -	\$ 34,511	\$ 41,086	\$ -	\$ 41,086
Contributions	2,079,502	316,589	2,396,091	1,596,660	304,150	1,900,810
Contributions In-Kind	426,925	-	426,925	450,023	-	450,023
Publication Sales	61,276	-	61,276	72,571	-	72,571
Investment Management Fees	3,967,288	-	3,967,288	3,875,984	-	3,875,984
Other	396,052	-	396,052	54,034	-	54,034
Total Operating Revenue	<u>6,965,554</u>	<u>316,589</u>	<u>7,282,143</u>	<u>6,090,358</u>	<u>304,150</u>	<u>6,394,508</u>
Bequests	307,578	-	307,578	48,180	-	48,180
Rental	46,200	-	46,200	43,400	-	43,400
Interest and Dividends	935,937	3,025	938,962	673,884	2,248	676,132
Realized Gains on Investment Transactions, Net	1,024,229	568	1,024,797	788,329	3,165	791,494
Unrealized Gains (Losses) on Investments, Net	1,915,314	16,240	1,931,554	(4,643,003)	(24,364)	(4,667,367)
Change in Value of Split-Interest Agreements, Net	-	4,395,956	4,395,956	-	(769,881)	(769,881)
Retirement Annuity Forfeiture Revenue	193,681	-	193,681	-	-	-
Net Assets Released from Restrictions	<u>2,521,136</u>	<u>(2,521,136)</u>	<u>-</u>	<u>6,665,029</u>	<u>(6,665,029)</u>	<u>-</u>
Total Revenue, Support, and Gains	<u>13,909,629</u>	<u>2,211,242</u>	<u>16,120,871</u>	<u>9,666,177</u>	<u>(7,149,711)</u>	<u>2,516,466</u>
EXPENSES						
Research and Publications	3,961,699	-	3,961,699	3,675,348	-	3,675,348
Academic Programs	3,743,957	-	3,743,957	2,968,398	-	2,968,398
Investment Management	3,323,618	-	3,323,618	3,203,633	-	3,203,633
Fundraising	1,457,265	-	1,457,265	1,556,021	-	1,556,021
Management and General	979,115	-	979,115	1,235,616	-	1,235,616
Total Expenses	<u>13,465,654</u>	<u>-</u>	<u>13,465,654</u>	<u>12,639,016</u>	<u>-</u>	<u>12,639,016</u>
CHANGE IN NET ASSETS	443,975	2,211,242	2,655,217	(2,972,839)	(7,149,711)	(10,122,550)
Net Assets - Beginning of Year	<u>42,172,111</u>	<u>67,081,085</u>	<u>109,253,196</u>	<u>45,144,950</u>	<u>74,230,796</u>	<u>119,375,746</u>
NET ASSETS - END OF YEAR	<u>\$ 42,616,086</u>	<u>\$ 69,292,327</u>	<u>\$ 111,908,413</u>	<u>\$ 42,172,111</u>	<u>\$ 67,081,085</u>	<u>\$ 109,253,196</u>

See accompanying Notes to Consolidated Financial Statements.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	American Institute for Economic Research						
	Research and Publications	Academic Programs	Fundraising	Management and General		American Investment Services	Total
Salaries	\$ 1,786,774	\$ 1,316,562	\$ 433,290	\$ 509,506	\$ 2,251,802		\$ 6,297,934
Payroll Taxes	127,365	91,792	28,223	32,771	125,531		405,682
Employee Benefits and Staff Training	277,351	180,384	78,862	83,203	256,595		876,395
Consulting	690,640	207,748	228,906	11,028	33,521		1,171,843
Travel and Other	142,410	1,056,302	51,687	7,154	6,269		1,263,822
Occupancy	198,045	194,689	51,869	42,438	12,549		499,590
Depreciation	285,784	258,566	74,848	61,239	24,680		705,117
Advertising and Appeals	12,621	7,724	437,171	-	40,434		497,950
Computer Related	145,106	60,643	21,658	29,148	163,986		420,541
Accounting and Legal Fees	737	55,453	-	93,969	53,567		203,726
Publications	149,718	-	-	-	41,167		190,885
Income Tax	-	-	-	-	206,677		206,677
Honorariums and Stipends	-	94,660	-	-	-		94,660
Insurance	28,207	18,111	5,243	54,004	54,921		160,486
Scholarships	(10,000)	5,500	-	-	-		(4,500)
Public Relations	467	58	58	-	-		583
Postage	20,230	2,862	23,192	7,325	7,097		60,706
Retirement and Unemployment	16,872	-	-	-	-		16,872
Conference and Events	14,761	27,677	5,000	-	-		47,438
Trustee Expenses	-	-	-	39,724	-		39,724
Website	26,034	11,829	3,719	-	-		41,582
Supplies	11,280	7,635	2,016	1,873	21,346		44,150
Telephone and Telecommunications	7,762	7,083	2,033	1,663	17,987		36,528
Grants	-	45,300	-	-	-		45,300
Bank and Other Fees	3,332	34,646	4,260	2,130	-		44,368
Books and Subscriptions	21,817	2,346	-	782	4,313		29,258
Miscellaneous	4,386	56,387	5,230	1,158	1,176		68,337
Total	\$ 3,961,699	\$ 3,743,957	\$ 1,457,265	\$ 979,115	\$ 3,323,618		\$ 13,465,654

See accompanying Notes to Consolidated Financial Statements.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	American Institute for Economic Research					
	Research and Publications	Academic Programs	Fundraising	Management and General	American Investment Services	Total
Salaries	\$ 1,566,699	\$ 1,225,694	\$ 432,394	\$ 547,756	\$ 2,213,709	\$ 5,986,252
Payroll Taxes	117,357	88,446	29,441	36,940	131,181	403,365
Employee Benefits and Staff Training	229,969	185,234	75,480	92,695	257,634	841,012
Consulting	465,199	109,160	266,146	22,644	40,349	903,498
Travel and Other	166,726	509,115	52,055	8,746	3,294	739,936
Occupancy	256,493	229,110	58,294	64,123	13,856	621,876
Depreciation	242,616	192,990	55,140	60,654	26,074	577,474
Advertising and Appeals	6,532	30,681	478,274	-	12,645	528,132
Computer Related	147,609	60,171	21,285	36,003	157,448	422,516
Accounting and Legal Fees	15,146	5,563	963	184,151	32,107	237,930
Publications	170,916	-	-	-	39,790	210,706
Income Tax	-	-	-	-	162,443	162,443
Honorariums and Stipends	-	154,587	-	-	-	154,587
Insurance	29,008	16,944	4,841	42,509	59,263	152,565
Scholarships	100,000	5,600	-	-	-	105,600
Public Relations	68,466	8,558	8,558	-	-	85,582
Postage	24,731	6,396	31,550	8,365	5,559	76,601
Retirement and Unemployment	-	-	-	69,757	-	69,757
Conference and Events	-	39,355	23,836	-	-	63,191
Trustee Expenses	2,715	2,160	617	54,154	-	59,646
Website	26,287	15,603	3,755	-	-	45,645
Supplies	8,950	5,633	1,479	1,779	21,946	39,787
Telephone and Telecommunications	8,212	6,548	1,866	2,053	18,356	37,035
Grants	-	36,500	-	-	-	36,500
Bank and Other Fees	5,304	20,135	6,802	3,401	-	35,642
Books and Subscriptions	18,267	1,724	-	575	2,623	23,189
Miscellaneous	(1,854)	12,491	3,245	(689)	5,356	18,549
Total	\$ 3,675,348	\$ 2,968,398	\$ 1,556,021	\$ 1,235,616	\$ 3,203,633	\$ 12,639,016

See accompanying Notes to Consolidated Financial Statements.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,655,217	\$ (10,122,550)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	705,117	577,474
Deferred Income Tax Expense	81,469	(5,577)
Donated Securities	(37,153)	(27,084)
Realized Gain on Investments Transactions, Net	(1,024,797)	(791,494)
Unrealized (Gains) Losses on Investments, Net	(1,931,554)	4,667,367
Change in Investments Held Under Split-Interest Agreements	(9,786,147)	24,201,197
Change in Liabilities Under Split-Interest Agreements	7,205,347	(18,433,573)
Change in Liabilities Under Retirement Agreements	(208,356)	23,389
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(79,746)	106,476
Prepaid Expenses	89,921	(92,689)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(130,424)	62,575
Investment Advisory fee Payable	3,784	(10,030)
Distributions Payable Under Split-Interest Agreements	163,221	(1,748,725)
Accrued Salaries and Paid Leave	66,658	(86,231)
Accrued Income Tax	47,208	(139,678)
Unearned Subscription Income	(1,524)	(6,368)
Net Cash Used by Operating Activities	(2,181,759)	(1,825,521)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,540,742)	(16,623,756)
Proceeds from Investment Transactions	6,160,342	15,889,092
Purchases of Property and Equipment	(89,903)	(845,000)
Net Cash Provided (Used) by Investing Activities	2,529,697	(1,579,664)
NET CHANGE IN CASH AND CASH EQUIVALENTS	347,938	(3,405,185)
Cash and Cash Equivalents - Beginning of Year	8,382,571	11,787,756
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,730,509	\$ 8,382,571
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Income Taxes	\$ 72,120	\$ 302,121

See accompanying Notes to Consolidated Financial Statements.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Organization

American Institute for Economic Research, Inc. (AIER) began operations during December 1933 and was incorporated on May 15, 1939, under the provisions of Chapter 180 of the General Laws of Massachusetts as an organization operated for charitable, scientific, and educational purposes.

During October 1978, American Investment Services, Inc. (AIS) was incorporated under the General Laws of Delaware. AIER is the sole stockholder of AIS. AIS began operations as an SEC registered investment advisor in February 1979.

AIER is trustee of two pooled income funds: RLI Stock Fund I and RLI Stock Fund II. The pooled income funds are subject to split-interest agreements with donors. The charitable remainders become available to AIER upon expiration of the income beneficiaries' interests. When assets are contributed to the pooled income funds, the beneficiaries are assigned units of participation in the funds. These units are used to determine each beneficiary's share of distributable net income and to value the remainder interests when the beneficiary's income interest is expired. Capital gains are retained within the trust. All investment income, less associated expenses, is distributed to the income beneficiaries of the funds on a quarterly basis.

AIER is trustee and charitable remainderman of numerous charitable remainder unitrusts, each subject to a fixed rate payout obligation. One trust instrument has been approved by the Internal Revenue Service and the others follow the approved form in all material aspects. Upon expiration of each trust term, the balance of the trust assets is distributed to AIER as the charitable remainderman.

AIER and AIS are referred to collectively herein as the Organization.

Consolidated Financial Statements

The consolidated financial statements include the accounts of AIER and its subsidiary, AIS. All significant intercompany transactions and accounts are eliminated.

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Organization are reported in the following net asset categories:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of trustees. Designated net assets represent reserves or special designations established by the Board of Trustees.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Basis of Accounting and Presentation (Continued)

The board of trustees has approved the following board designations on net assets:

- A reserve equal to the amount required to balance the board-approved operating budget. This reserve was \$7,636,490 and \$8,735,484 as of December 31, 2023 and 2022, respectively.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Organization to expend the income earned thereon. Net assets with donor restrictions include purpose restricted contributions, the net assets held under the two RLI Stock Funds (pooled income funds), and the charitable remainder unitrusts.

Contributions received whose restrictions are met in the same period are presented with net assets without donor restrictions.

Adoption of New Accounting Standards

At the beginning of 2023, AIER adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. AIER adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on AIER's financial statements.

The Organization disclosed information about FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments in the Accounts Receivable section in Note 1.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less. Management considers all certificates of deposit and money market accounts readily converted to cash to be cash equivalents. The Organization's deposits in financial institutions may, at times, exceed Federal Deposit Insurance Corporation (FDIC) limits, deposits above FDIC limits are fully insured by the Depositors Insurance Fund (DIF). However, management believes that the Organization's deposits are not subject to significant credit risk.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Organization's gains and losses on investments bought and sold as well as held during the year.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amounts reported on the consolidated statements of financial position.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for expected credit losses based on a historical review of all outstanding amounts on a periodic basis. Management determines the allowance for credit loss by identifying troubled accounts and by using historical experience and management's expectations about current and future economic conditions. Management determined that no allowance was necessary at both December 31, 2023 and 2022.

AIS is a registered investment advisor who bills customers quarterly in arrears with payment due upon receipt of invoice. The company uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of the trade receivables at year-end is consistent with historical conditions as the terms, fee arrangements, and the customer base has not

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

changed significantly. The company reviewed the expected economic environment, noting no projected credit loss impact on the investment management fees.

Property and Equipment, Net

Property and equipment acquisitions that individually exceed \$5,000 are capitalized at cost and are depreciated on the straight-line method over their estimated useful lives, which vary from five to thirty years. Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for major renewals and betterments are capitalized.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There are no impairments of long-lived assets at December 31, 2023 and 2022.

Split-Interest Agreements

AIER records its interest in trusts at the fair value of the related assets with a corresponding liability for the actuarially determined present value of payments to be made to designated beneficiaries. This liability is measured using discount rates and actuarial assumptions reflecting the terms of the agreement and the estimated time of receipt. The change in the value of split-interest agreements represents year-to-year changes in the actuarial life of beneficiaries, new gifts, remainders released from the trust funds and changes in the value of assets held by the trust.

Functional Areas

The statements of activities include the revenues and expenses allocable to the major areas of program activities conducted by the Organization.

AIER:

- a. AIER researches topics of current and long-term interest in the field of economics. The results of the research activity are disseminated to the public through periodic economic reports and occasional booklets in the areas of fiscal and monetary economics, reflecting detailed analyses of particular subjects with some emphasis on personal economic issues.
- b. AIER conducts education and fellowship programs in economics. Fellowships are awarded to graduate and college seniors majoring in economics, finance, business, or related fields. Fellows attend seminars, conduct independent research, and study during the summer sessions at AIER. Visiting Research Fellows conduct research in fields such as money, banking, and credit; public and personal finance; economic and monetary policy; economic methodology; and the role of individual freedom, private property, and free enterprise in economic progress.

**AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Functional Areas (continued)

- c. AIER hosts periodic conferences on topics of current interest in the areas of economics, finance, and business. Leading scholars are invited to participate, and the results are published and disseminated to the public.

- d. Management and general expense include the functions necessary to provide coordination and articulation of AIER's program strategy, to secure proper administrative functioning for AIER, the costs associated with maintaining AIER's Planned Giving programs and to manage the financial responsibilities of AIER.

- e. Fundraising expense includes the structure necessary to encourage and secure financial support (both unrestricted gifts and long-term split-interest gifts).

AIS:

AIS provides investment advisory services to individuals, trusts, endowments, 401(k) plans, pension plans, foundations, and nonprofit institutions and publishes a monthly newsletter. Management considers these to be management and general expenses.

Functional Allocation of Expenses

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

Revenue Recognition

The Organization recognizes revenue at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the Organization satisfies a performance obligation

See Note 2 for details on how the above five-step process is applied to the Organization's contracts with customers.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Contributions

Unconditional promises to give are recognized when pledged or received and are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports contributions and grants of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of release from obligation) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the assets are placed in service.

Contributions In-Kind

Contributed services and goods are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Advertising

The Organization records advertising costs as expenses when they are incurred. Advertising expense was \$497,950 and \$528,132 for the years ended December 31, 2023 and 2022, respectively.

Tax Status

AIER is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity. AIER has been classified as a publicly-supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

AIS is a C corporation taxable entity.

AIS records income taxes using the asset and liability method whereby deferred tax assets and liabilities are determined based on the differences between the consolidated financial statement and tax basis of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse.

When income tax returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Tax Status (Continued)

uncertainty about the technical merits of the position or the amount of the position's tax benefit that would be ultimately sustained. The portion of the benefits associated with tax positions taken that exceeds the amount measured as previously described is reflected as a liability for unrecognized tax benefits in the accompanying consolidated statements of financial position and includes, where applicable, accrued interest and/or penalties attributable to the unrecognized tax benefits.

AIS presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management evaluated tax positions taken and has determined that AIS has not taken any material uncertain tax positions at December 31, 2023 and 2022.

Management evaluated tax positions taken and has determined that AIER has not taken any material uncertain tax position at December 31, 2023 and 2022.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition or disclosure through March 15, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 REVENUES FROM CONTRACTS WITH CUSTOMERS

Investment Management Fees

The Organization enters into contracts to provide investment advisory services to clients. At contract inception, the Organization assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services).

To identify the performance obligations, the Organization considers all of the goods or services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices.

The Organization satisfies its performance obligations for investment advisory services over a period of time as services are provided. Investment management fees are billed quarterly in arrears with payment due upon receipt of invoice. The investment management fees are based on Board-approved rates and are dependent on the size of the investment portfolio.

Subscriptions

The Company enters into contracts to provide monthly investment guides either print or digital subscriptions. At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services). To identify the performance obligations, the Company considers all of the goods or services

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 REVENUES FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Subscriptions(continued)

promised in the contract regardless of whether they are explicitly stated or implied by customary business practices.

The Company satisfies its performance obligations for subscriptions over a period of time as services are provided. Subscriptions are billed annually with payment due at the inception of the subscription. A contract liability is recognized due to all payments being made at inception and revenue recognized as performance obligations are satisfied. Subscription fees are charged based on either digital or print and digital options and either a 1-year or 2-year term. Print and digital subscriptions are \$59 per year or \$108 for 2 years. Digital only subscriptions are \$49 per year or \$98 for 2 years.

The opening and closing balances of the Organization's investment management fees and subscriptions receivable and unearned revenue are as follows:

	<u>Receivables</u>	<u>Unearned Revenue</u>
Balance, January 1, 2022	\$ 1,110,021	\$ 36,432
Closing, December 31, 2022	<u>1,003,545</u>	<u>30,064</u>
Increase (Decrease)	<u>\$ (106,476)</u>	<u>\$ (6,368)</u>
Balance, January 1, 2023	\$ 1,003,545	\$ 30,064
Closing, December 31, 2023	<u>1,083,291</u>	<u>28,540</u>
Increase (Decrease)	<u>\$ 79,746</u>	<u>\$ (1,524)</u>

The Organization applies the practical expedient 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTE 3 FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets in active markets;
- quoted prices for identical or similar assets in inactive markets;
- inputs other than quoted prices that are observable for the asset;

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Corporate Bonds – Valued at third-party evaluated appraised prices that maximize observable quantitative and qualitative inputs currently available on comparable securities with similar features (type of issuer, credit rating, coupon, maturity, etc.) and apply yield levels that reflect comparable credit and liquidity risks.

Foreign and Global Bond Funds, Crypto Currencies, Equity Securities, Accrued Interest and U.S. Government Bonds – Valued at the closing price reported on the active market on which the individual security is traded.

Liabilities Under Split-Interest Agreements

Fair value is equivalent to the present value of the future payments to be made and any changes in actuarial assumptions.

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

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

A summary of assets and liabilities measured at fair value as of December 31, 2023:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Operating Investments:				
Fixed Income Securities:				
U.S. Government Bonds	\$ 9,279,650	\$ 9,279,650	\$ -	\$ -
Crypto Currencies	355	355	-	-
Equity Securities:				
Real Estate Investment Trusts	1,892,552	1,892,552	-	-
U.S. Companies	11,472,876	11,472,876	-	-
Non-U.S. Companies	5,832,403	5,832,403	-	-
Gold Related Stocks	1,517,213	1,517,213	-	-
Total	<u>\$ 29,995,049</u>	<u>\$ 29,995,049</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Held Under				
Split-Interest Agreements:				
Fixed Income Securities:				
Corporate Bonds	\$ 12,146,269	\$ -	\$ 12,146,269	\$ -
U.S. Government Bonds	25,366,311	25,366,311	-	-
Global Bond Funds	3,384,147	3,384,147	-	-
Equity Securities:				
Real Estate Investment Trusts	10,696,129	10,696,129	-	-
U.S. Companies	53,728,369	53,728,369	-	-
Non-U.S. Companies	26,986,682	26,986,682	-	-
Gold Related Stocks	7,930,939	7,930,939	-	-
Global Funds	8,496,009	8,496,009	-	-
Accrued Interest	265,062	265,062	-	-
Total	<u>\$ 148,999,917</u>	<u>\$ 136,853,648</u>	<u>\$ 12,146,269</u>	<u>\$ -</u>
Total Assets at Fair Value	<u>\$ 178,994,966</u>	<u>\$ 166,848,697</u>	<u>\$ 12,146,269</u>	<u>\$ -</u>
LIABILITIES				
Liabilities Under Split-Interest Agreements				
	<u>\$ 79,858,139</u>	<u>\$ 79,858,139</u>	<u>\$ -</u>	<u>\$ -</u>

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

A summary of assets and liabilities measured at fair value as of December 31, 2022:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSETS				
Operating Investments:				
Fixed Income Securities:				
U.S. Government Bonds	\$ 9,246,180	\$ 9,246,180	\$ -	\$ -
Foreign Bond Funds	-	-	-	-
Crypto Currencies	138	138	-	-
Equity Securities:				
Real Estate Investment Trusts	1,874,635	1,874,635	-	-
U.S. Companies	11,271,430	11,271,430	-	-
Non-U.S. Companies	5,706,606	5,706,606	-	-
Gold Related Stocks	1,522,156	1,522,156	-	-
Total	<u>\$ 29,621,145</u>	<u>\$ 29,621,145</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Held Under Split-Interest Agreements:				
Fixed Income Securities:				
Corporate Bonds	\$ 29,225,605	\$ -	\$ 29,225,605	\$ -
U.S. Government Bonds	7,961,836	7,961,836	-	-
Global Bond Funds	3,118,053	3,118,053	-	-
Equity Securities:				
Real Estate Investment Trusts	8,890,057	8,890,057	-	-
U.S. Companies	48,573,270	48,573,270	-	-
Non-U.S. Companies	26,167,699	26,167,699	-	-
Gold Related Stocks	7,628,530	7,628,530	-	-
Global Funds	7,593,063	7,593,063	-	-
Accrued Interest	55,657	55,657	-	-
Total	<u>\$ 139,213,770</u>	<u>\$ 109,988,165</u>	<u>\$ 29,225,605</u>	<u>\$ -</u>
Total Assets at Fair Value	<u>\$ 168,834,915</u>	<u>\$ 139,609,310</u>	<u>\$ 29,225,605</u>	<u>\$ -</u>
LIABILITIES				
Liabilities Under Split-Interest Agreements				
	<u>\$ 72,652,792</u>	<u>\$ 72,652,792</u>	<u>\$ -</u>	<u>\$ -</u>

There were no transfers between levels of investments during the years ended December 31, 2023 and 2022.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 LIQUIDITY

	<u>2023</u>	<u>2022</u>
Total Assets	\$ 194,440,932	\$ 184,645,681
Less Assets not Available for General Expenditures:		
Cash Held Under Split-Interest Agreements	(1,647,507)	(1,864,393)
Purpose or Time Restricted Funds	(133,553)	(119,220)
Board-Designated Reserves Held in Investments	(7,636,490)	(8,735,484)
Prepaid Expenses	(154,423)	(244,344)
Property and Equipment, Net	(5,477,743)	(6,092,957)
Investments Held Under Split-Interest Agreements	<u>(148,999,917)</u>	<u>(139,213,770)</u>
Financial Assets Available for General Expenditures	<u>\$ 30,391,299</u>	<u>\$ 28,375,513</u>

AIER has \$30,391,299 of financial assets available within one year of the statement of financial position date as reflected in the table above. As part of its liquidity management, investments are held within the following types of funds: The Operating Reserve funds the operations of AIER, including operating expenses and capital investments. The Operating Reserve portfolio has a very short-term time horizon, one year or less. Asset allocation reflects the liquidity needs of AIER. The Contingency Reserve serves as a source for replenishing the Operating Reserve and has a medium-term time horizon which is five years or less. The allocated portion of the portfolio supports ongoing expenditures for projects or identified risks. In addition, these reserves may be used to fund the purchase of fixed assets, to fund development of new programs, to take advantage of unanticipated opportunities, and for other such purposes. AIS also has a line of credit of \$250,000 available as of December 31, 2023, that it could draw upon in the event of an unanticipated liquidity need.

NOTE 5 PROPERTY AND EQUIPMENT, NET

A summary of property and equipment, net, is as follows:

	<u>2023</u>	<u>2022</u>
Buildings and Improvements	\$ 9,489,949	\$ 9,425,064
Equipment	494,817	485,794
Vehicles	<u>244,687</u>	<u>236,691</u>
Subtotal	10,229,453	10,147,549
Less: Accumulated Depreciation	<u>5,054,213</u>	<u>4,349,095</u>
Subtotal	5,175,240	5,798,454
Construction in Progress	8,000	-
Land	<u>294,503</u>	<u>294,503</u>
Property and Equipment, Net	<u>\$ 5,477,743</u>	<u>\$ 6,092,957</u>

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 SPLIT-INTEREST AGREEMENTS

A summary of investments held under split-interest agreements is as follows:

	December 31, 2023			
	Cost	Unrealized Gain	Unrealized Losses	Fair Value
	Cash and Cash Equivalents	\$ 1,647,507	\$ -	\$ -
Equity Securities	88,432,463	22,410,574	3,004,910	107,838,127
Fixed Income Securities	42,124,780	312,830	1,540,882	40,896,728
Accrued Interest	265,062	-	-	265,062
Total	<u>\$ 132,469,812</u>	<u>\$ 22,723,404</u>	<u>\$ 4,545,792</u>	<u>\$ 150,647,424</u>

	December 31, 2022			
	Cost	Unrealized Gain	Unrealized Losses	Fair Value
	Cash and Cash Equivalents	\$ 1,864,393	\$ -	\$ -
Equity Securities	88,260,468	14,568,271	3,976,121	98,852,618
Fixed Income Securities	46,714,213	29,054	6,437,772	40,305,495
Accrued Interest	55,657	-	-	55,657
Total	<u>\$ 136,894,731</u>	<u>\$ 14,597,325</u>	<u>\$ 10,413,893</u>	<u>\$ 141,078,163</u>

Liabilities Under Split-Interest Agreements

The obligations as trustee for each pooled income fund and charitable remainder trust are reported as liabilities under split-interest agreements. The obligations are estimated at the time of the agreements (pooled income or unitrust) based on the average life expectancies of the beneficiaries and the expected rate of return on invested assets. Any excess amount of the gift over the estimated liability is recorded as net assets with donor restrictions. The obligations are subject to adjustments and reflect amortization of any discount, reevaluation of the present value of estimated future payments and any change in actuarial assumptions. Such adjustments, if any, are recorded in the statement of activities as a change in value of split-interest agreements. The assumptions used in computing the liabilities under split-interest agreements include discount rates and life expectancies based on published single and multiple life expectancy tables. The discount rate is based on the rate of return on the Organization's investment portfolios since September 30, 1999. The discount rate used for the years ended December 31, 2023 and 2022, was 7.08% and 6.87%, respectively.

NOTE 7 LINE OF CREDIT

AIS has available a \$250,000 working line of credit. Borrowings under the line of credit are payable on demand and are secured by all assets of AIS. Borrowings under the line of credit bear interest at the Wall Street Journal prime rate (8.5% as of December 31, 2023 and 7.5% as of December 31, 2022). No amounts were outstanding under the line of credit at December 31, 2023 and 2022. The line of credit is renewable on an annual basis.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 NET ASSETS AND STOCKHOLDER'S EQUITY

A summary of the net assets and stockholder's equity for AIER and AIS is as follows:

	December 31, 2023			
	AIER	AIS	Eliminating Entries	Consolidated Total
Common Stock No Par Value: 1000 Shares Authorized, 400 Shares Issued and Outstanding	\$ -	\$ 355,154	\$ (355,154)	\$ -
Retained Earnings	-	1,535,059	(1,535,059)	-
Net Assets Without Donor Restrictions	42,616,086	-	-	42,616,086
Net Assets With Donor Restrictions	<u>69,292,327</u>	<u>-</u>	<u>-</u>	<u>69,292,327</u>
Total	<u>\$ 111,908,413</u>	<u>\$ 1,890,213</u>	<u>\$ (1,890,213)</u>	<u>\$ 111,908,413</u>
	December 31, 2022			
	AIER	AIS	Eliminating Entries	Consolidated Total
Common Stock No Par Value: 1000 Shares Authorized, 400 Shares Issued and Outstanding	\$ -	\$ 355,154	\$ (355,154)	\$ -
Retained Earnings	-	1,463,706	(1,463,706)	-
Net Assets Without Donor Restrictions	42,172,111	-	-	42,172,111
Net Assets With Donor Restrictions	<u>67,081,085</u>	<u>-</u>	<u>-</u>	<u>67,081,085</u>
Total	<u>\$ 109,253,196</u>	<u>\$ 1,818,860</u>	<u>\$ (1,818,860)</u>	<u>\$ 109,253,196</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Purpose Restricted for Scholarship	\$ 133,553	\$ 119,220
Pooled Income Funds:		
Subject to Expiration of Income Beneficiaries Interest	61,786,184	59,971,193
Charitable Remainder Unitrust:		
Subject to Expiration of Trust Terms	<u>7,372,590</u>	<u>6,990,672</u>
Total Net Assets with Donor Restrictions	<u>\$ 69,292,327</u>	<u>\$ 67,081,085</u>

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Change in Value of Donor-Restricted Net Assets

A summary of the components of the changes in value of the donor-restricted net assets, which consists of split-interest agreements, is as follows:

	<u>2023</u>	<u>2022</u>
Investment Income	\$ 4,780,321	\$ 4,931,688
Realized Gain on Investment Transactions	(2,043,280)	(448,255)
Unrealized Gain (Loss) on Investments	13,994,180	(18,120,010)
Change in Liabilities Under Split-Interest Agreements	(7,205,346)	18,023,437
Distributions to Beneficiaries	(4,716,353)	(4,746,733)
Investment Advisory Fee	(369,671)	(373,004)
Other	<u>(43,895)</u>	<u>(37,004)</u>
Total Change in Value of Donor-Restricted Net Assets	<u>\$ 4,395,956</u>	<u>\$ (769,881)</u>

NOTE 10 RETIREMENT PLANS

The Organization offers a defined contribution plan that includes a safe harbor match equal to a percentage of each eligible employee's compensation. These safe harbor matching contributions are always 100 percent vested. For the years ended December 31, 2023 and 2022, the Organization's contributions were \$222,775 and \$218,185, respectively.

AIER has entered into agreements with two former officers whereby AIER has agreed to provide lifetime retirement benefits. Retirement benefits under these agreements had previously been accounted for as amounts were paid. Beginning January 2021, an adjustment fully expensed the amounts owed and recorded the full liability of the benefits payable. In April 2023, the final officer within the plan deceased and AIER recognized the remaining liability as revenue included in the Statements of Activities for \$193,681 as of December 31, 2023. The liability under retirement agreements of \$208,356 is reported on the consolidated statement of financial position as of December 31, 2022. For the years ended December 31, 2023 and 2022, retirement payments were \$14,675 and \$46,367, respectively.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 11 INCOME TAXES

Components of income tax expense of AIS consist of the following:

	2023	2022
Federal	\$ 150,315	\$ 118,819
State	62,242	49,201
Deferred Tax	(5,880)	(5,577)
Total Income Tax Expenses	\$ 206,677	\$ 162,443

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income of AIS from operations as a result of state taxes, accrued paid leave and depreciation differences.

NOTE 12 RELATED PARTY TRANSACTIONS

AIS provides investment advisory services to the two pooled income funds and charitable remainder unitrusts. AIS received \$369,671 and \$373,004 in investment management fees, of which \$94,994 and \$91,210 was included in accounts receivable, from the two pooled income funds and charitable remainder unitrusts as of and for the years ended December 31, 2023 and 2022, respectively. AIS leases office space from AIER with a term of two years ending December 31, 2024. Lease payments totaled \$156,840 and \$150,840 for the years ended December 31, 2023 and 2022. Future minimum payments due under the lease for the next year is \$156,840.

NOTE 13 RISKS AND UNCERTANTIES

On March 11, 2020, the World Health Organization classified the Coronavirus outbreak as a pandemic, triggering significant instability in the global economy and investment markets. As a result, the Organization's investments experienced significant volatility during the years ended December 31, 2023 and 2022. The current fair value of the Organization's investments may be materially different from the amounts presented on the statement of financial position as of December 31, 2023. As of the date of this report, total impact on the Organization's investments cannot be reasonably determined at this time.

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	American Institute for Economic Research, Inc.				American Investment Services	Eliminating Entries	Consolidated Totals
	Without Donor Restrictions	With Donor Restrictions (McCain)	With Donor Restrictions (Trust Funds)	Total			
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 5,864,753	\$ 682	\$ 1,647,507	\$ 7,512,942	\$ 1,217,567	\$ -	\$ 8,730,509
Investments	29,294,993	138,371	-	29,433,364	561,685	-	29,995,049
Investment in Subsidiary	1,890,213	-	-	1,890,213	-	(1,890,213)	-
Accounts Receivable	523,264	-	-	523,264	1,078,795	(518,768)	1,083,291
Prepaid Expenses	99,997	-	-	99,997	54,426	-	154,423
Due from Related Party	1,034	-	-	1,034	-	(1,034)	-
Total Current Assets	<u>37,674,254</u>	<u>139,053</u>	<u>1,647,507</u>	<u>39,460,814</u>	<u>2,912,473</u>	<u>(2,410,015)</u>	<u>39,963,272</u>
PROPERTY AND EQUIPMENT, NET	5,419,722	-	-	5,419,722	58,021	-	5,477,743
OPERATING ROU ASSET	-	-	-	-	154,707	(154,707)	-
INVESTMENTS HELD UNDER SPLIT-INTEREST AGREEMENTS	-	-	148,999,917	148,999,917	-	-	148,999,917
Total Assets	<u>\$ 43,093,976</u>	<u>\$ 139,053</u>	<u>\$ 150,647,424</u>	<u>\$ 193,880,453</u>	<u>\$ 3,125,201</u>	<u>\$ (2,564,722)</u>	<u>\$ 194,440,932</u>
LIABILITIES, NET ASSETS, AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES							
Accounts Payable	\$ 184,057	\$ 5,500	\$ -	\$ 189,557	21,802	-	\$ 211,359
Investment Advisory Fee Payable	18,768	-	94,994	113,762	-	(18,768)	94,994
Distributions Payable Under Split-Interest Agreements	-	-	1,535,517	1,535,517	-	-	1,535,517
Accrued Dividends	-	-	-	-	500,000	(500,000)	-
Current Lease Liability - Operating	-	-	-	-	154,707	(154,707)	-
Accrued Salaries and Paid Leave	275,065	-	-	275,065	480,572	-	755,637
Accrued Income Tax	-	-	-	-	47,208	-	47,208
Unearned Subscription Income	-	-	-	-	28,540	-	28,540
Due to Related Party	-	-	-	-	1,034	(1,034)	-
Total Current Liabilities	<u>477,890</u>	<u>5,500</u>	<u>1,630,511</u>	<u>2,113,901</u>	<u>1,233,863</u>	<u>(674,509)</u>	<u>2,673,255</u>
LONG-TERM LIABILITIES							
Liabilities Under Split-Interest Agreements	-	-	79,858,139	79,858,139	-	-	79,858,139
Deferred Income Tax	-	-	-	-	1,125	-	1,125
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>79,858,139</u>	<u>79,858,139</u>	<u>1,125</u>	<u>-</u>	<u>79,859,264</u>
NET ASSETS AND STOCKHOLDERS' EQUITY							
Without Donor Restrictions:							
Undesignated	34,979,596	-	-	34,979,596	-	-	34,979,596
Designated:							
Board Designated	7,636,490	-	-	7,636,490	-	-	7,636,490
With Donor Restrictions:							
Purpose Restrictions	-	133,553	-	133,553	-	-	133,553
Assets Held Under Split-Interest Agreements	-	-	69,158,774	69,158,774	-	-	69,158,774
Stockholders' Equity	-	-	-	-	1,890,213	(1,890,213)	-
Total Net Assets and Stockholders' Equity	<u>42,616,086</u>	<u>133,553</u>	<u>69,158,774</u>	<u>111,908,413</u>	<u>1,890,213</u>	<u>(1,890,213)</u>	<u>111,908,413</u>
Total Liabilities, Net Assets, and Stockholders' Equity	<u>\$ 43,093,976</u>	<u>\$ 139,053</u>	<u>\$ 150,647,424</u>	<u>\$ 193,880,453</u>	<u>\$ 3,125,201</u>	<u>\$ (2,564,722)</u>	<u>\$ 194,440,932</u>

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	American Institute for Economic Research, Inc.				American Investment Services	Eliminating Entries	Consolidated Totals
	Without Donor Restrictions	With Donor Restrictions (McCain)	With Donor Restrictions (Trust Funds)	Total			
REVENUE, SUPPORT, AND GAINS							
Subscriptions	\$ -	\$ -	\$ -	\$ -	\$ 34,511	\$ -	\$ 34,511
Contributions	2,079,502	-	316,589	2,396,091	-	-	2,396,091
Contributions In-Kind	426,925	-	-	426,925	-	-	426,925
Publication Sales	61,276	-	-	61,276	-	-	61,276
Investment Management Fees	-	-	-	-	4,045,006	(77,718)	3,967,288
Other	396,052	-	-	396,052	-	-	396,052
Total Operating Revenue	<u>2,963,755</u>	<u>-</u>	<u>316,589</u>	<u>3,280,344</u>	<u>4,079,517</u>	<u>(77,718)</u>	<u>7,282,143</u>
Bequests	307,578	-	-	307,578	-	-	307,578
Rental	203,040	-	-	203,040	-	(156,840)	46,200
Net Income of Subsidiary	571,353	-	-	571,353	-	(571,353)	-
Interest and Dividends	899,701	3,025	4,366,755	5,269,481	36,236	(4,366,755)	938,962
Realized Gains on Investment Transactions, Net	1,024,229	568	(2,043,280)	(1,018,483)	-	2,043,280	1,024,797
Unrealized Gains (Losses) on Investments, Net	1,907,226	16,240	13,994,180	15,917,646	8,088	(13,994,180)	1,931,554
Change in Value of Split-Interest Agreements, Net	-	-	(7,205,346)	(7,205,346)	-	11,601,302	4,395,956
Retirement Annuity Forfeiture Revenue	193,681	-	-	193,681	-	-	193,681
Net Assets Released from Restrictions	2,521,136	(5,500)	(2,515,636)	-	-	-	-
Total Revenue, Support, and Gains	<u>10,591,699</u>	<u>14,333</u>	<u>6,913,262</u>	<u>17,519,294</u>	<u>4,123,841</u>	<u>(5,522,264)</u>	<u>16,120,871</u>
EXPENSES							
Research and Publications	3,943,691	-	-	3,943,691	-	18,008	3,961,699
Academic Programs	3,725,950	-	-	3,725,950	-	18,007	3,743,957
Investment Management	-	-	-	-	3,552,488	(228,870)	3,323,618
Fundraising	1,450,062	-	-	1,450,062	-	7,203	1,457,265
Distributions	-	-	4,716,353	4,716,353	-	(4,716,353)	-
Management and General	1,028,021	-	-	1,028,021	-	(48,906)	979,115
Total Expenses	<u>10,147,724</u>	<u>-</u>	<u>4,716,353</u>	<u>14,864,077</u>	<u>3,552,488</u>	<u>(4,950,911)</u>	<u>13,465,654</u>
CHANGE IN NET ASSETS	443,975	14,333	2,196,909	2,655,217	571,353	(571,353)	2,655,217
Net Assets - Beginning of Year	42,172,111	119,220	66,961,865	109,253,196	1,818,860	(1,818,860)	109,253,196
Dividends to Parent	-	-	-	-	(500,000)	500,000	-
NET ASSETS - END OF YEAR	<u>\$ 42,616,086</u>	<u>\$ 133,553</u>	<u>\$ 69,158,774</u>	<u>\$ 111,908,413</u>	<u>\$ 1,890,213</u>	<u>\$ (1,890,213)</u>	<u>\$ 111,908,413</u>