American Institute of Chemical Engineers

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2023 and 2022

AMERICAN INSTITUTE OF CHEMICAL ENGINEERS

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

The Board

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 AIChE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that rai

Cash and cash equivalents (Notes 2D, 3 and 16)	$ 1,682,352	$ 2,410,337
Investments, at fair value (Notes 2E, 3, 4, 7, 11B, and 15)	38,353,820	33,256,974
Accounts receivable, net (Notes 2F, 2H, 3 and 18)	2,759,919	6,986,857
Contributions and pledges receivable, net (Notes 2C, 3 and 5)	14,779,076	16,928,937
Prepaid expenses and other (Note 13)	1,360,671	1,163,352
Property and equipment, net (Notes 2G and 6)	1,543,036	1,977,816
Right-of-use assets (Note 7)	2,704,417	3,198,199
	$ 63,183,291	$ 65,922,472
Accounts payable	$ 2,737,712	$ 1,832,970
Accounts payable to subrecipients (Note 18)	$ -	$,163,[illegible]

Individual membership	$ 4,112,790	$ -	$ 4,112,790	$ 4,055,544	$ 4,055,544	$ -
Publications sales and subscriptions (Note 14)	1,940,960	-	1,940,960	2,427,826	2,427,826	-
Center for Chemical Process Safety (Note 17A)	5,352,708	-	5,352,708	5,655,312	5,655,312	-
Consortium	3,093,316	-	3,093,316	3,124,905	3,124,905	-
RAPID Manufacturing Institute (Note 18)	7,063,337	-	7,063,337	12,206,667	12,206,667	-
Meetings and technical programming	10,361,743	-	10,361,743	7,750,305	7,750,305	-
Education services (Note 17B)	3,548,826	-	3,548,826	2,906,022	2,906,022	-
AIChE Foundation - contributions (Notes 1 and 2C)	143,453	6,498,459	6,641,912	11,822,335	420,698	11,401,637
Other revenue	5,018,356	-	5,018,356	3,598,492	3,598,492	-
Net assets released from restrictions (Note 10)	5,874,222	(5,874,222)	-	-	4,393,146	(4,393,146)
	46,509,711	624,237	47,133,948			

Salaries	$ 1,405,390	$ 858,625	$ 1,924,932	$ 545,997	$ 949,156	$ 2,817,971	$ 1,564,835	$ 481,788	$ 10,548,694	$ 2,679,567	$ 899,819	$ 3,579,386	$ 14,128,080	$ 14,623,742
Payroll taxes and employee benefits (Notes 8 and 9)	521,716	298,073	713,762	190,255	363,485	1,036,661	533,962	151,648	3,809,562	536,595	232,294	768,889	4,578,451	4,574,389
	1,927,106	1,156,698	2,638,694	736,252	1,312,641	3,854,632	2,098,797	633,436	14,358,256	3,216,162	1,132,113	4,348,275	18,706,531	19,198,131
FOSSI scholarship program	-	-	-	-	-	-								

Change in net assets	$	1,274,869	$	(4,422,444)
Adjustments to reconcile change in net assets to				

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. ***Contributions and Pledges Receivable***

Unconditional contributions and pledges that are expected

NOTE 6 – PROPERTY AND EQUIPMENT

NOTE 8 – PENSION PLANS (CONTINUED)

The components of net periodic benefit cost for the pension plan for the years ended December 31 were as follows:

	2023	2022
Interest cost	$ 460,018	$ 337,537
Expected return on plan assets	(437,316)	(572,505)
Amortization of net loss	381,218	241,356
Effect of net settlement loss	-	90,115
	$ 403,920	$ 96,503

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the years ended December 31 were as follows:

	2023	2022
Net (gain) loss	$ (551,891)	$ 429,460
Effect of settlement on loss	-	(90,115)
Amortization of net loss	(381,218)	(241,356)
Total recognized in change in net assets without donor restrictions	$ (933,109)	$ 97,989
Total recognized in net periodic pension cost and change in net assets without donor restrictions	$ (529,189)	$ 194,492

An accounting event occurred which resulted in a settlement as of December 31, 2022 resulting from the lump sum payments distributed during the year.

The weighted-average assumptions used to determine the benefit obligation and net periodic benefit cost for the pension plan as of and for the years ended December 31 were as follows:

	2023	2022
Discount rate used for net periodic benefit cost	5.50%	3.15%
Discount rate used for pension obligation	5.00%	5.50%
Expected return on plan assets	7.25%	6.70%

The defined benefit plan's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

AIChE expects to contribute $242,403, representing the final 2023 plan year contribution and the three 2024 plan year anticipated quarterly contributions, to its pension plan in the fiscal year beginning January 1, 2024 and ending December 31, 2024.

NOTE 8 – PENSION PLANS (CONTINUED)

The assets (expressed in percentages) for the pension plan consisted of the following as of December 31:

	2023	2022
Equity securities	62%	59%
Debt securities	37%	34%
Cash equivalents	1%	7%
	100%	100%

The fair value hierarchy defines three levels, as further described in Note 4. Pension assets carried at fair value at December 31 are classified in the table as Level 1 as follows:

	2023	2022
Investments:		
Mutual Funds	$ 7,964,289	$ 6,906,551
Money Market Mutual Funds	98,221	515,581
Total assets at fair value	$ 8,062,510	$ 7,422,132

The composition of AIChE's plan assets is a target asset mix allocated 60% to equities, 38% to fixed–income securities and 2% to cash and cash equivalents. Since the primary purpose of the plan is to provide benefits at normal retirement age, the primary goal of the investment of funds in the plan is to provide a long-term annualized investment return equivalent or superior to the plan's current discount rate, and consistently above the median performance of an appropriate peer manager universe.

In pursuing these objectives, the risk tolerance of the plan should be viewed as moderate. Volatility of annual returns, including losses in value, may be tolerated provided they are consistent with current benchmark volatility and there are reasonable expectations the plan can achieve its long-term return objectives. Volatility will be reduced by assuring that the plan assets remain diversified by asset class, economic sector, industry, and/or market capitalization. The target asset mix is developed and periodically reviewed based on rolling three to seven–year strategic investment horizons. Assets are generally rebalanced back to their respective targets to ensure the actual asset allocations remain an accurate reflection of the desired risk profile.

NOTE 9 – POSTRETIREMENT OTHER THAN PENSIONS

AIChE has a contributory postretirement medical and life insurance plan for all eligible employees. As of February 1, 2007, each participant was eligible to receive benefits at age 55 with the completion of five years of service, or attainment of age 62 or age 60 in the case of a position elimination. Prior to February 1, 2007, each participant was eligible to receive benefits at age 55 and 10 years of service, or age 62 or age 60 if the position was eliminated. Employees hired after February 1, 2007 were eligible to purchase coverage under the postretirement medical plan, but were not eligible for any subsidy from AIChE. In addition, employees hired after February 1, 2007 were not eligible to receive postretirement life insurance benefits. Coverage for both the retiree and the spouse continued for their lifetimes, so long as required contributions were made. AIChE contributed an amount equal to the difference between the medical plan cost and the retiree's contributions for medical coverage, up to a limit of two times AIChE's contribution paid in 1995 for such coverage.

Effective December 1, 2016, the postretirement medical plan was amended to change coverage for current retirees to a Health Reimbursement Account ("HRA") funded by annual contributions from AIChE. Such change decreased the benefit obligation by approximately $336,000 in 2016.

During 2017, AIChE further reduced the benefit obligation by providing future retirees with a one-time payment of

NOTE 9 – POSTRETIREMENT OTHER THAN PENSIONS (CONTINUED)

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. ***Meeting Commitments***

In the ordinary course of business, AIChE has entered into contracts with hotels for meetings scheduled to occur beyond December 31, 2023 and 2022. In connection with the contracts, AIChE commits to a block of hotel rooms. AIChE is subject to cancellation penalties, which increase as the meeting dates approach. Cancellation penalties due to catastrophic events for significant meetings scheduled for the year following the statement of financial position date are covered under AIChE's insurance policies. In the very unlikely event AIChE had to cancel all the meetings scheduled beyond 2023 and 2022 that are under contract, it would incur approximately $7.9 million and $9.8 million, respectively, in cancellation charges. AIChE is subject to negotiable penalties in the event meeting attendees do not utilize the rooms.

B. ***Line of Credit***

AIChE has a line of credit with a financial institution. The line of credit has a maximum borrowing amount of $2,800,000 and expires on October 5, 2024. Borrowings are secured by mutual funds and money market funds owned by AIChE and held at the same financial institution. Interest is at the daily Simple Secured Overnight Financing Rate ("SOFR") plus 2%. This line of credit has no loan covenants. As of December 31, 2023 and 2022 and June 11, 2024, there were no borrowings.

C. ***Uncertainty in Income Taxes***

AIChE believes it had no uncertain tax positions as of December 31, 2023 and 2022 in accordance with FASB ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 12 – OTHER PROGRAM EXPENSES

Other program expenses reflect the decision by the Board of Directors that certain operations should be

NOTE 14 – PUBLISHING AGREEMENTS

A. In May 2016, AIChE renewed its publishing agreement (the "Publishing Agreement") with Wiley, a commercial publisher (the "Publisher") with respect to the five journals (the "Journals") now currently owned by AIChE. The renewal occurred two years before the prior agreement was set to expire, and extends 12 years. Under the terms of the Publishing Agreement, the Publisher has the exclusive right and sole responsibility for the marketing, sales, print, and electronic distribution of the Journals. AIChE remains solely responsible for providing and paying editors and, in consultation with the Publisher, establishing editorial policy. Under the terms of the contract, AIChE has been guaranteed a minimum annual royalty plus increased additional royalties through 2021, with further increases in royalties from 2022 through the life of the contract, which escalate when the Publisher's gross revenues exceed certain predetermined levels.

NOTE 15 – ENDOWMENTS (CONTINUED)

AIChE's endowment funds are invested in a portfolio with a target asset mix allocated 32% to fixed–income securities, 65% to equity securities, and 3% to cash and cash equivalents, based on an asset allocation with the objective of capital appreciation.

AIChE had the following donor restricted endowments composition by type of fund as of December 31:

	2023	2022
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	$ 5,449,606	$ 5,101,735
Accumulated investment losses	(6,368)	(516,100)
Total endowment activity	$ 5,443,238	$ 4,585,635

Changes in endowments for the years ended December 31 were as follows:

	2023	2022
Activity:		
Investment activity:		
Interest and dividends	$ 131,258	$ 130,716
Realized/unrealized gains (losses)	538,357	(1,130,406)
Total investment activity	669,615	(999,690)
Contributions	347,871	316,908
Amount appropriated for expenditure	(159,883)	(192,445)
Total activity	857,603	875,227
Endowment net assets, beginning of year	4,585,635	5,460,862
Endowment net assets, end of year	$ 5,443,238	$ 4,585,635

Endowment net assets of $5,443,238 and $4,585,635 as of December 31, 2023 and 2022, respectively, are included with investments in the accompanying statements of financial position.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires AIChE to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature, if they occur, are reported in net assets with donor restrictions. The deficiencies may result from unfavorable market fluctuations that occur in the economy as a whole that may affect the donor restricted endowment fund where the fair market value of the donor restricted endowment fund falls below the amount that is required to be retained permanently.

Deficiencies of this nature exist in several donor-restricted endowment funds as of December 31, 2023 and 2022. As of December 31, 2023, the fair value of the endowment funds was $5,443,238, with an original gift value of $5,449,606. As of December 31, 2022, the current fair value of the endowment funds was $4,585,635, with an original gift value of $5,101,735. Such deficiencies resulted from unfavorable market fluctuations.

NOTE 18 – RAPID MANUFACTURING INSTITUTE

On October 24, 2016, AIChE was selected by the DOE to establish a manufacturing institute on *Modular Chemical Process Intensification.* The RAPID Manufacturing Institute ("RAPID" – Rapid Advancement in Process Intensification Deployment) is part of a federal government initiative on advanced manufacturing, established to enhance the competitiveness of U.S. manufacturing, while improving energy efficiency of the sector as a whole.