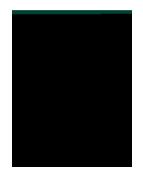


# **American Institute of Chemical Engineers**

# Financial Statements (Together with Independent Auditors' Report)

# Years Ended December 31, 2021 and 2020



# AMERICAN INSTITUTE OF CHEMICAL ENGINEERS

FINANCIAL STATEMENTS (Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2021 AND 2020



#### **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of American Institute of Chemical Engineers

#### **Report on the Audit of the Financial Statements**

#### Opinion

We have audited the financial statements of American Institute of Chemical Engineers ("AIChE"), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AIChE as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **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 Auditors' Responsibilities for the



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 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 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 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 raise substantial doubt about AIChE'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.



New York, NY May 3, 2022



# AMERICAN INSTITUTE OF CHEMICAL ENGINEERS STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2021 AND 2020

		2021	 2020
ASSETS			
Cash and cash equivalents (Notes 2D and 16)	\$	5,210,514	\$ 2,826,303
Investments, at fair value (Notes 2E, 4, 11A, 11C and 15)		39,521,555	34,399,407
Accounts receivable, net (Notes 2F, 11B and 18)		7,602,177	13,220,174
Contributions receivable, net (Notes 2C and 5)		12,332,569	9,781,944
Prepaid expenses and other (Note 13)		1,415,689	567,084
Property and equipment, net (Notes 2G and 6)		2,492,520	 2,916,046
TOTAL ASSETS	<u>\$</u>	68,575,024	

		2,236,654
TOTAL LIABILITIES	15,371,996	20,744,242
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET ASSETS (Note 2B)		
Without donor restrictions With donor restrictions:	29,746,069	26,147,638
Purpose and time-restricted for future periods (Notes 10 and 15) Perpetual in nature (Notes 10 and 15)	18,672,133 <u>4,784,826</u> 23,456,959	12,816,324 4,002,754

#### AMERICAN INSTITUTE OF CHEMICAL ENGINEERS STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020			
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020	Without Donor Restrictions	With Donor Restrictions	
OPERATING ACTIVITY:							
REVENUE AND SUPPORT:							
Dues and other membership revenue (Note 2H)	\$ 2,471,810	\$-	\$ 2,471,810	\$ 2,307,989	\$ 2,307,989	\$-	
Publications sales and subscriptions	2,844,046	-	2,844,046	2,760,320	, , ,	· _	
Industry technology groups (Notes 1, 2C and 17)	23,047,650	-	23,047,650	24,045,273	, ,	-	
Meetings and technical programming	4,122,082	-	4,122,082	5,492,903		-	
Education services (Note 17)	2,660,625	-	2,660,625	1,494,297		-	
AIChE Foundation - contributions (Notes 1 and 2C)	347,280	8,571,550	8,918,830	9,952,864	558,963	9,393,901	
Other revenue	2,412,839	-	2,412,839	1,224,591	1,224,591	-	
SBA PPP loan forgiveness (Note 7)	2,497,800	-	2,497,800	-	-	-	
Net assets released from restrictions (Note 10)	2,360,459	(2,360,459)	2,437,000	-	1,717,332	(1,717,332)	
						·	
TOTAL OPERATING REVENUE AND SUPPORT	42,764,591	6,211,091	48,975,682	47,278,237	39,601,668	7,676,569	
EXPENSES:							
Program Services:							
Membership	2,967,381	-	2,967,381	2,262,425	2,262,425	-	
Publications	2,194,715	-	2,194,715	2,339,930	2,339,930	-	
Industry technology groups	19,674,601	-	19,674,601	21,135,220	21,135,220	-	
Meetings and technical programming	3,651,618	-	3,651,618	3,039,287	3,039,287	-	
Education services	2,554,019	-	2,554,019	2,414,116	2,414,116	-	
Other program expenses (Note 12)	3,174,595	-	3,174,595	1,516,305	1,516,305	-	
	34,216,929	-	34,216,929	32,707,283	32,707,283	-	
Supporting Services:					·		
General and administration	5,195,334	-	5,195,334	4,737,376	4,737,376	-	
Fundraising	4,312,639	-	4,312,639	3,606,755		-	
	9,507,973		9,507,973	8,344,131	8,344,131	-	
TOTAL OPERATING EXPENSES	43,724,902		43,724,902	41,051,414	41,051,414		
Change In Net Assets From Operations	(960,311)	6,211,091	5,250,780	6,226,823	(1,449,746)	7,676,569	
NON-OPERATING ACTIVITY:	0.504.004	400 700	0.054.004	0 000 050	0.070.074	000.070	
Investment activity, net (Notes 2E, 4 and 15)	3,524,304	426,790	3,951,094	2,989,053	, ,	309,379	
Pension related changes other than net periodic pension cost (Note 8)	1,255,051	-	1,255,051	(728,020		-	
Other components of net periodic pension costs (Note 8)	(247,210)	-	(247,210)	(126,633		-	
Postretirement related changes other than net periodic postretirement cost (Note 9)	(40,314)	-	(40,314)	(193,551		-	
Other components related to net periodic postretirement cost (Note 9)	66,911		66,911	123,488	123,488	-	
TOTAL NON-OPERATING ACTIVITY	4,558,742	426,790	4,985,532	2,064,337	1,754,958	309,379	
CHANGE IN NET ASSETS	3,598,431	6,637,881	10,236,312	8,291,160	305,212	7,985,948	
Net assets - beginning of year	26,147,638	16,819,078	42,966,716	34,675,556	25,842,426	8,833,130	
NET ASSETS - END OF YEAR	\$ 29,746,069	<u>\$23,456,959</u>	<u>\$ 53,203,028</u>	<u>\$ 42,966,716</u>	\$ 26,147,638	\$ 16,819,078	

#### AMERICAN INSTITUTE OF CHEMICAL ENGINEERS STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

#### Program Services

	Membership	Publications	Industry Technology Groups	Meetings and Technical Programming	Education Services	Other Program Expenses	Total Program Services	General and Administration	Fundraising	Total Supporting Services	Total 2021	Total 2020
Salaries	\$ 1,259,499	\$ 998,850	\$ 4,855,355	\$ 1,227,658	\$ 1,217,961	\$ 868,989	\$ 10,428,312	\$ 2,872,974	\$ 829,107	\$ 3,702,081	\$ 14,130,393	\$ 13,934,952
Payroll taxes and employee benefits (Note 8)	438,771	341,017	1,694,515	404,064	409,110	285,971	3,573,448	747,523	173,872	921,395	4,494,843	4,137t

#### AMERICAN INSTITUTE OF CHEMICAL ENGINEERS STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

#### Program Services

	Membership	Publications	Industry Technology Groups	Meetings and Technical Programming	Education Services	Other Program Expenses	Total Program Services	General and Administration	Fundraising	Total Supporting Services	Total 2020		
Salaries Payroll taxes and employee benefits (Note 8)	\$ 1,197,670 385,127	\$ 1,162,152 365,502	\$ 4,854,556 1,544,810	\$ 1,410,506 433,610	\$ 1,227,259 386,793	\$ 532,418 136,269	\$ 10,384,561 3,252,111	\$ 2,659,132 701,676	\$ 891,259 184,620	\$ 3,550,391 886,296	\$ 13,934,952 4,138,407		
Total Salaries and Related Costs	1,582,797	1,527,654	6,399,366	1,844,116	1,614,052	668,687	13,636,672	3,360,808	1,075,879	4,436,687	18,073,359		
Grants and other assistance	87,007	361	78,031	1,335	25	147,672	314,431	121	53,790	53,911	368,342		
Legal fees	-	-	31,833	-	-	-	31,833	30,415	-	30,415	62,248 56,000		
Professional fundraising services Other professional fees	- 151,102	- 336,488	- 2,160,892	- 550,491	- 351,551	- 299,642	- 3,850,166	- 136,045	56,000 395,821	56,000 531,866	4,382,032		
Advertising and promotion	54,754	52,285	31,090	55,927	22,250	2,150	218,456	130,045	12,216	12,216	230,672		
Office expenses	72,985	190,564	35,694	35,194	26,261	16,649	377,347	57,735	18,045	75,780	453,127		
Information technology	81,374	-	18,417	-		169,222	269,013	-	-	-	269,013		
Royalty	-	-	17,542		-	-	17,542	-	-	-	17,542		
Occupancy (Note 11A)	19,366	16,483	85,203	24,166	24,170	7,509	176,897	489,445	10,034	499,479	676,376		
Travel	8,911	1,247	95,402	55,037	17,517	2,931	181,045	30,963	1,341	32,304	213,349		
Conferences, conventions and meetings	10,537	-	49,731	18,307	21,211	8,720	108,506	5,959	3,133	9,092	117,598		
Insurance	-	-		-	-	-	-	139,957	-	139,957	139,957		
Depreciation and amortization (Note 6)	25,904	12,534	444,928	35,805	72,536	14,565	606,272	172,165	25,055	197,220	803,492		
Payments to subrecipients	-	-	11,458,538	-	-	-	11,458,538	-	-	-	11,458,538		
Equipment rental and maintenance	96,341	39,438	121,946	260,227	115,638	27,189	660,779	93,465	25,045	118,510	779,289		
Printing and publications	6,960	60,396	20,620	4,464	33,726	10,748	136,914	-	607	607	137,521		
Telephone	15,422	6,983	38,365	26,611	15,512	9,375	112,268	38,755	8,668	47,423	159,691		
Bank charges/credit card fees	48,965	3,473	47,622	87,885	18,435	161	206,541	91,489	4,089	95,578	302,119		
Miscellaneous and dues		92,024		39,722	81,232	131,085	2344420663.25	5.1333d69999 <b>71µ298</b> 39	.2 <u>5.1</u> 3,3381376,0992 T	1/2 <u>,332,0287280</u> 36	60 <u>02 3<b>2,562</b>,093</u> 0611)	<b>ʃF5</b> .6222 004rS)Tjn7	0611
Total Other than Personal Services	679,628	812,276	14,735,854	1,195,171	800,064	847,618	19,070,611	1,377,612	2,530,876	3,908,488	22,979,099		
TOTAL EXPENSES	\$ 2,262,425	\$ 2,339,930	\$ 21,135,220										

#### AMERICAN INSTITUTE OF CHEMICAL ENGINEERS STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	 2021	 2020
CASH FLOWS FROM OPERATING ACTIVITIES: Change in net assets	\$ 10,236,312	\$ 8,291,160
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: Net realized and unrealized gains on investments Depreciation and amortization Endowment contributions SBA PPP loan forgiveness Bad debt expense	(3,362,627) 987,764 (782,072) (2,497,800) 72,967	(2,449,279) 803,492 (409,896) - 246,200
Subtotal	4,654,544	6,481,677
Changes in o <b>3</b> 0- nn ilities: Decrease or (increase) in assets: Accounts receivable Contributions receivable	5,570,228 (2,575,823)	(3,180,313) 9 07but

## NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

American Institute of Chemical Engineers ("AIChE") is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC"). AIChE serves chemical engineers throughout the world. AIChE fosters and disseminates chemical engineering knowledge, supports professional and personal growth of its members, and applies the expertise of its members to address societal needs throughout the world. AIChE offers its members publications, meetings and technical programming. These

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of December 31, 2021 and 2020, AIChE received conditional grants from governmental and other agencies in the aggregate amount of approximately \$20,600,000 and \$22,400,000, respectively, that have not been recognized in the accompanying financial statements as they have not been earned.

#### D. Cash Equivalents

AIChE considers highly liquid debt instruments with a maturity of three months or less when acquired to be cash equivalents, with the exception of cash and those short-term investments managed by AIChE's investment managers for long-term investment purposes.

#### E. Investments and Fair Value Measurements

Investments are reported at fair value based upon quoted market value. Securities transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are determined on a specific identification basis and are included in investment activity in the statements of activities along with unrealized gains and losses, interest income and management and custodial fees. Interest income is recognized when earned and dividends are recorded on the ex-dividend date.

Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.

#### F. Allowance for Uncollectible Accounts Receivable

As of December 31, 2021 and 2020, AIChE determined that an allowance of approximately \$73,000 and \$174,000, respectively, should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of its funding sources, customers, current economic conditions and historical information.

## G. Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization and depreciated using the straight-line basis over their estimated useful

#### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following at December 31 and were classified as Level 1 in the fair value hierarchy (as defined below):

	 2021	. <u> </u>	2020
Mutual Funds U.S. Large Cap/Mid Cap U.S. Small Cap Diversified Foreign Equity U.S. Core Bonds Global Bonds Money Market Mutual Funds	\$ 12,434,894 3,884,693 10,370,340 11,021,081 939,458 857,771	\$	9,564,736 2,970,062 8,346,221 11,547,596 1,291,773 <u>665,701</u>
Total Mutual Funds	39,508,237		34,386,089
Equity securities – domestic Total investments	\$ <u>13,318</u> <u>39,521,555</u>	\$	<u>13,318</u> 34,399,407

Investments are subject to market volatility that could change their carrying value in the near term.

Investment activity consisted of the following for the years ended December 31:

	 2021	 2020
Interest and dividends	\$ 686,056	\$ 619,538

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, AIChE utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

## AMERICAN INSTITUTE OF CHEMICAL ENGINEERS NOTES TO FINANCIAL STATEMENTS

# NOTE 8 – PENSION PLANS (Continued)

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor

#### NOTE 8 – PENSION PLANS (Continued)

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:

	 2021	 2020
Investments:		
Mutual Funds		
U.S. Large Cap/Mid Cap	\$ 2,595,134	\$ 2,391,329
U.S. Small Cap	840,198	675,004
Diversified Foreign Equity	2,603,297	2,427,963
U.S. Core Bonds	3,469,058	4,165,969
Global Bonds	140,432	137,728
Money Market Mutual Funds	 205,916	 108,477
Total assets at fair value	\$ 9,854,045	\$ 9,906,470

The composition of AIChE's plan assets is a target asset mix allocated 54% to equities, 44% 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 devel

#### NOTE 9 – POSTRETIREMENT OTHER THAN PENSIONS (Continued)

The funded status of the plan as of December 31 was as follows:

		2021	 2020
Change in benefit obligation:			
Benefit obligation at beginning of year	\$	806,142	\$ 762,443
Service cost		1,133	1,044
Interest cost		21,272	26,582
Actuarial (gain) loss		(49,002)	42,437
Benefits paid		(27,941)	 (26,364)
Benefit obligation at end of year		751,604	 806,142
Funded status	\$ <u></u>	(751,604)	\$ (806,142)

Amounts recognized in net assets without donor restrictions for the plan consisted of the following as of December 31:

		2021		2020
Prior service credit Gain	\$	51,307 <u>196,165</u>	\$	124,470 1 <u>63,316</u>
	<u>\$</u>	247,472	<u>\$</u>	287,786

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

		2021	 2020
Service cost	\$	1,133	\$ 1,044
Interest cost		21,272	26,582
Amortization of prior service credit		(73,163)	(119,092)
Amortization of net gain		(16,153)	 (32,022)
Net periodic benefit income	<u>\$</u>	<u>(66,911)</u>	\$ (123,488)

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:

	2021	2020
Actuarial (gain) loss Amortization of prior service credit Amortization of net gain	\$ (49,002) 73,163 <u>16,153</u>	\$ 42,437 119,092 <u>32,022</u>
Total recognized in change in net assets without donor restrictions Total recognized in net periodic pension cost and change in net	<u>\$ 40,314</u>	<u>\$ 193,551</u>
assets without donor restrictions	<u>\$ (26,597)</u>	<u>\$ 70,063</u>

The estimated net gain and prior service credit for the plan that will be amortized from the net asset without restrictions balance into net periodic benefit cost over the next fiscal year is \$36,000 and \$51,000, respectively.

#### NOTE 9 – POSTRETIREMENT OTHER THAN PENSIONS (Continued)

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

The following schedule of benefit payments (net of expected participant contributions), which reflects expected future services, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five years thereafter:

## NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 were available for the following purposes:

	_	2021	-	2020
Subject to expenditures for specific purpose and the passage of time				
Award programs for scholastic achievements	\$	383,644	\$	256,511
Educational and professional development		18,055,013		12,378,691
Public and government outreach and other		233,476		181,122
Subtotal	_	18,672,133	_	12,816,324

Subject to endowment spending policy and appropriation of income

# AMERICAN INSTITUTE OF CHEMICAL ENGINEERS NOTES TO FINANCIAL STATEMENTS

#### 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.
- B. In February 2005, AIChE entered into a four-yearbook publishing agreement (the "Book Publishing Agreement") with the Publisher to co-develop approximately 8-15 new works each year. The Book Publishing Agreement is automatically renewed for additional three-year terms unless either party gives notice of intent to terminate the agreement at least six months prior to the expiration of the then current term. Under the terms of the Publishing Agreement, beginning in February 2005, the Publisher has the exclusive right and sole responsibility for the marketing, sales, print and electronic distribution of the works. 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 received a nonrefundable non-rec25.491gtgble(ultation)5.3( we f-3)

# NOTE 15 – ENDOWMENTS (Continued)

# NOTE 17 - REVENUE AND SUPPORT (Continued)

AIChE's Education Services revenue results mostly from registration fees derived from the sale of Public and Incompany courses and online training.

Education services revenue consists of the following for the years ended December 31:

		2021	 2020
Education Services			
REVENUE AND SUPPORT:			
In-company courses	\$	758,483	\$ 228,570
Public courses		814,282	501,015
Online training		870,073	589,036
Other		217,787	 <u> 175,676</u>
TOTAL REVENUE AND SUPPORT – EDUCATION			
SERVICES	<u>\$</u>	2,660,625	\$ 1,494,297