

American Institute of Chemical Engineers

**Financial Statements
and Independent Auditor's Report**

December 31, 2024



American Institute of Chemical Engineers

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Independent Auditor's Report

The Board of Directors
American Institute of Chemical Engineers

Opinion

We have audited the financial statements of American Institute of Chemical Engineers (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 American Institute of Chemical Engineers as of December 31, 2024, and the change 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Institute of Chemical Engineers and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 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 American Institute of Chemical Engineers' 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 American Institute of Chemical Engineers' 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, New York
June 3, 2025

American Institute of Chemical Engineers

**Statement of Financial Position
December 31, 2024**

Assets

| | |
|---|----------------------|
| Cash and cash equivalents | \$ 2,280,290 |
| Investments | 39,175,813 |
| Accounts receivable, net | 4,242,310 |
| Contributions and pledges receivable, net | 16,508,339 |
| Prepaid expenses and other | 2,802,169 |
| Property and equipment, net | 1,066,029 |
| Right-of-use assets | <u>2,306,512</u> |
| Total assets | <u>\$ 68,381,462</u> |

Liabilities and Net Assets

| | |
|--|----------------------|
| Liabilities | |
| Accounts payable | \$ 3,446,647 |
| Deferred revenue | 4,637,073 |
| Lease liabilities | 2,679,199 |
| Accrued expenses: | |
| Employee vacation and other benefits | 570,838 |
| Pension and other postretirement benefit costs | 1,465,314 |
| Other | <u>1,373,964</u> |
| Total liabilities | <u>14,173,035</u> |
| Commitments and contingencies | |
| Net assets | |
| Without donor restrictions | <u>20,043,362</u> |
| With donor restrictions: | |
| Purpose and time-restricted for future periods | 28,076,747 |
| Endowments | <u>6,088,318</u> |
| Total net assets with donor restrictions | <u>34,165,065</u> |
| Total net assets | <u>54,208,427</u> |
| Total liabilities and net assets | <u>\$ 68,381,462</u> |

See Notes to Financial Statements.

American Institute of Chemical Engineers

Statement of Activities Year Ended December 31, 2024

| | Without Donor Restriction | With Donor Restriction | Total |
|--|------------------------------|---------------------------|---------------|
| Operating activity | | | |
| Revenue and support | | | |
| Individual membership | \$ 4,184,991 | \$ - | \$ 4,184,991 |
| Publications sales and subscriptions | 1,859,704 | - | 1,859,704 |
| Center for Chemical Process Safety | 5,426,700 | - | 5,426,700 |
| Consortium | 3,551,675 | - | 3,551,675 |
| RAPID | 5,092,121 | - | 5,092,121 |
| Meetings and technical programming | 9,369,344 | - | 9,369,344 |
| Education services | 3,606,589 | - | 3,606,589 |
| AIChE Foundation - contributions | 291,495 | 10,375,594 | 10,667,089 |
| Other revenue | 351,254 | - | 351,254 |
| Net assets released from restrictions | 7,856,161 | (7,856,161) | - |
| Total operating revenue and support | 41,590,034 | 2,519,433 | 44,109,467 |
| Expenses | | | |
| Program services | | | |
| Membership | 3,339,461 | - | 3,339,461 |
| Publications | 1,979,271 | - | 1,979,271 |
| Center for Chemical Process Safety | 4,801,494 | - | 4,801,494 |
| Consortium | 2,957,393 | - | 2,957,393 |
| RAPID | 4,398,385 | - | 4,398,385 |
| Meetings and technical programming | 8,677,794 | - | 8,677,794 |
| Education services | 3,324,676 | - | 3,324,676 |
| Other program expenses | 7,048,023 | - | 7,048,023 |
| Total program services | 36,526,497 | - | 36,526,497 |
| Supporting services | | | |
| General and administration | 6,241,807 | - | 6,241,807 |
| Fundraising | 1,910,938 | - | 1,910,938 |
| Total supporting services | 8,152,745 | - | 8,152,745 |
| Total operating expenses | 44,679,242 | - | 44,679,242 |
| Change in net assets from operations | (3,089,208) | 2,519,433 | (569,775) |
| Non-operating activity | | | |
| Investment activity, net | 3,180,238 | 895,810 | 4,076,048 |
| Pension related changes other than net periodic pension cost | 723,996 | - | 723,996 |
| Other components of net periodic pension costs | (102,248) | - | (102,248) |
| Postretirement related changes other than net periodic postretirement cost | (10,638) | - | (10,638) |
| Other components related to net periodic postretirement cost | 35,591 | - | 35,591 |
| Total non-operating activity | 3,826,939 | 895,810 | 4,722,749 |
| Change in net assets | 737,731 | 3,415,243 | 4,152,974 |
| Net assets, beginning of year | 19,305,631 | 30,749,822 | 50,055,453 |
| Net assets, end of year | \$ 20,043,362 | \$ 34,165,065 | \$ 54,208,427 |

See Notes to Financial Statements.

American Institute of Chemical Engineers

Statement of Functional Expenses Year ended December 31, 2024

| | Program Services | | | | | | | | | Support Services | | | |
|---------------------------------------|------------------|--------------|--------------|--------------|--------------|------------------------------------|--------------------|------------------------|---------------|----------------------------|--------------|---------------------------|---------------|
| | Membership | Publications | CCPS | Consortium | RAPID | Meetings and Technical Programming | Education Services | Other Program Expenses | Total Program | General and Administration | Fundraising | Total Supporting Services | Total 2024 |
| Salaries | \$ 1,270,936 | \$ 714,809 | \$ 1,870,814 | \$ 736,752 | \$ 880,425 | \$ 3,193,496 | \$ 1,255,159 | \$ 643,984 | \$ 10,566,375 | \$ 2,976,680 | \$ 763,825 | \$ 3,740,505 | \$ 14,306,880 |
| Payroll taxes and employee benefits | 411,202 | 240,754 | 636,160 | 217,958 | 299,325 | 1,022,051 | 367,615 | 216,061 | 3,411,126 | 845,168 | 241,472 | 1,086,640 | 4,497,766 |
| Total salaries and related costs | 1,682,138 | 955,563 | 2,506,974 | 954,710 | 1,179,750 | 4,215,547 | 1,622,774 | 860,045 | 13,977,501 | 3,821,848 | 1,005,297 | 4,827,145 | 18,804,646 |
| FOSSI scholarship program | - | - | - | - | - | - | - | 4,741,225 | 4,741,225 | - | - | - | 4,741,225 |
| Grants and other assistance | 87,717 | 6,000 | 142 | 37,000 | 905 | 16,783 | 31,213 | 194,396 | 374,156 | 3,579 | 135,795 | 139,374 | 513,530 |
| Legal fees | - | 1,087 | 5,482 | 13,732 | 50,146 | - | - | - | 70,447 | 82,890 | - | 82,890 | 153,337 |
| Professional fundraising services | - | - | - | - | - | - | - | - | - | - | 72,765 | 72,765 | 72,765 |
| Other professional fees | 126,020 | 511,985 | 1,215,541 | 1,353,369 | 691,232 | 368,177 | 759,474 | 585,801 | 5,611,599 | 830,992 | 233,437 | 1,064,429 | 6,676,028 |
| Advertising and promotion | 155,264 | 57,578 | 69,615 | 311,679 | 5,000 | 74,486 | 63,616 | 30,984 | 768,222 | 767 | 2,439 | 3,206 | 771,428 |
| Office expenses | 112,140 | 167,788 | 50,615 | 1,653 | 27,168 | 44,373 | 30,450 | 45,679 | 479,866 | 47,739 | 15,187 | 62,926 | 542,792 |
| Information technology | 136,616 | 10,852 | 14,788 | 37,003 | - | 42,170 | 14,096 | 18,800 | 274,325 | 14,391 | 17,899 | 32,290 | 306,615 |
| Royalty | - | - | - | 12,337 | - | 34,053 | 12,410 | - | 58,800 | - | - | - | 58,800 |
| Occupancy | 20,777 | 12,696 | 29,499 | 3,907 | 9,453 | 41,727 | 17,349 | 6,370 | 141,778 | 659,426 | 12,368 | 671,794 | 813,572 |
| Travel | 120,997 | 20,559 | 197,960 | 22,021 | 102,126 | 249,655 | 279,978 | 89,230 | 1,082,526 | 134,936 | 34,312 | 169,248 | 1,251,774 |
| Conferences, conventions and meetings | 331,972 | 3,800 | 232,574 | 92,645 | 120,183 | 1,606,472 | 49,847 | 223,868 | 2,661,361 | 63,089 | 154,766 | 217,855 | 2,879,216 |
| Insurance | - | - | - | - | - | - | - | - | - | 178,296 | - | 178,296 | 178,296 |
| Depreciation and amortization | 46,406 | 22,686 | 225,352 | 34,842 | - | 88,107 | 98,513 | 24,747 | 540,653 | 88,863 | 24,571 | 113,434 | 654,087 |
| Payments to subrecipients | - | - | - | - | 2,109,554 | - | - | - | 2,109,554 | - | - | - | 2,109,554 |
| Equipment rental and maintenance | 354,394 | 63,381 | 192,287 | 52,318 | 44,815 | 1,253,072 | 135,592 | 101,054 | 2,196,913 | 123,988 | 104,775 | 228,763 | 2,425,676 |
| Printing and publications | 47,411 | 50,453 | 11,629 | 1,144 | 10,819 | 61,801 | 53,773 | 16,753 | 253,783 | 1,543 | 23,641 | 25,184 | 278,967 |
| Telephone | 14,773 | 5,542 | 17,816 | 7,161 | 5,063 | 113,565 | 12,150 | 10,219 | 186,289 | 28,629 | 8,684 | 37,313 | 223,602 |
| Bank charges/credit card fees | 101,908 | 10,742 | 25,248 | 20,052 | 5,365 | 227,666 | 45,399 | 422 | 436,802 | 83,942 | 35,446 | 119,388 | 556,190 |
| Miscellaneous and dues | 928 | 78,559 | 5,972 | 1,820 | 36,806 | 240,140 | 98,042 | 98,430 | 560,697 | 76,889 | 29,556 | 106,445 | 667,142 |
| Total other than personnel services | 1,657,323 | 1,023,708 | 2,294,520 | 2,002,683 | 3,218,635 | 4,462,247 | 1,701,902 | 6,187,978 | 22,548,996 | 2,419,959 | 905,641 | 3,325,600 | 25,874,596 |
| Total expenses | \$ 3,339,461 | \$ 1,979,271 | \$ 4,801,494 | \$ 2,957,393 | \$ 4,398,385 | \$ 8,677,794 | \$ 3,324,676 | \$ 7,048,023 | \$ 36,526,497 | \$ 6,241,807 | \$ 1,910,938 | \$ 8,152,745 | \$ 44,679,242 |

See Notes to Financial Statements.

American Institute of Chemical Engineers

Statement of Cash Flows
Year ended December 31, 2024

| | |
|--|----------------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 4,152,974 |
| Adjustments to reconcile change in net assets to net cash used in operating activities | |
| Realized and unrealized gain on investments | (2,938,866) |
| Depreciation and amortization | 654,087 |
| Endowment contributions | (184,871) |
| Non-cash operating lease costs | 570,365 |
| Discount on contributions and pledges receivable | 358,231 |
| Bad debt expense | 76,238 |
| Changes in operating assets and liabilities | |
| Accounts receivable | (1,531,685) |
| Contributions and pledges receivable | (2,114,438) |
| Prepaid expenses and other | (1,441,498) |
| Accounts payable | 708,935 |
| Accounts payable to subrecipients | - |
| Deferred revenue | 1,235,122 |
| Lease liabilities | (627,633) |
| Accrued expenses: | |
| Employee vacation and other benefits | (80,780) |
| Pension and other postretirement benefit costs | (852,059) |
| Other | 489,152 |
| Net cash used in operating activities | <u>(1,526,726)</u> |
| Cash flows from investing activities | |
| Purchase of investments | (31,239,783) |
| Proceeds from the sale of investments | 33,356,656 |
| Purchase of property and equipment | <u>(177,080)</u> |
| Net cash provided by investing activities | <u>1,939,793</u> |
| Cash flows from financing activities | |
| Endowment contributions | <u>184,871</u> |
| Net cash provided by financing activities | <u>184,871</u> |
| Net increase in cash and cash equivalents | 597,938 |
| Cash and cash equivalents, beginning | <u>1,682,352</u> |
| Cash and cash equivalents, end | <u><u>\$ 2,280,290</u></u> |

See Notes to Financial Statements.

American Institute of Chemical Engineers

Notes to Financial Statements December 31, 2024

Note 1 - Organization

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 products and services promote excellence in chemical engineering education and global practice, advance the development and exchange of relevant knowledge, and enhance the lifelong career development of chemical engineers. Through its industry technology groups, AIChE stimulates collaborative efforts among industry, universities, government and professional societies.

In 2016, AIChE was selected by the U.S. Department of Energy ("DOE") to establish a manufacturing institute on *Modular Chemical Process Intensification*. The Rapid Advancement in Process Intensification Deployment Manufacturing Institute 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.

Rapid Advancement in Process Intensification Deployment Manufacturing Institute operates within AIChE's 501(c)(3) organization, as an industry technology group under d/b/a RAPID Manufacturing Institute (hereon, "RAPID"). As of June 30, 2023, the initial cooperative agreement for RAPID was completed. On October 23, 2023, RAPID was selected for negotiation for a final award by the Industrial Efficiency and Decarbonization Office within the DOE for a second, continuing cooperative agreement. RAPID received the award on September 1, 2024. See Note 16 for further explanation.

AIChE runs several programs in support of its members and society which are managed by various AIChE operating departments. The AIChE Foundation seeks to solicit additional financial support for AIChE's programs. It is not a separate entity. The largest Foundation-funded program is the Future of STEM Scholars Initiative ("FOSSI") program. Another significant program is the Undergraduate Process Safety Learning Initiative ("UPSIL"). Other programs which receive Foundation funding fall within the Diversity & Inclusion and Membership categories. These programs include support for students from K-12 through college, young chemical engineering professionals, and under-represented groups within chemical engineering

Note 2 - Summary of significant accounting policies

Basis of presentation

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

Classification of net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without donor restrictions - Resources available for support of AIChE's operations over which the Board of Directors has discretionary control.

American Institute of Chemical Engineers

Notes to Financial Statements December 31, 2024

With donor restrictions - Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions and pledges receivable

Unconditional contributions and pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions and pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, less an approximate 1% reserve allowance for bad debt as of December 31, 2024. The reserve allowance for bad debt amounted to approximately \$184,000 as of December 31, 2024. The discounts on those amounts are computed using the risk-adjusted interest rates applicable to each year the pledge is made. Amortization of the discounts is included in contribution revenue. Conditional contributions, including government and other grants and pledges, are nonexchange transactions and accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08. Contributions, grants and pledges are recognized as unconditional when barriers within the contracts are overcome, and there is no right of return. Amounts received prior to overcoming the barrier are reported as deferred revenue in the statement of financial position.

As of December 31, 2024, AIChE received conditional grants from governmental and other agencies in the aggregate amount of approximately \$47,357,000, that have not been recognized in the accompanying financial statements as the conditions have not yet been met.

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.

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.

American Institute of Chemical Engineers

Notes to Financial Statements December 31, 2024

Allowance for credit losses

As of December 31, 2024, AIChE determined that an allowance of approximately \$74,000 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.

Changes in the allowance for credit losses for accounts receivable during the year was as follow:

| | |
|----------------------------|-------------------------|
| Balance, beginning of year | \$ 28,150 |
| Collections | (3,150) |
| Bad debt expense | <u>49,294</u> |
| Balance, end of year | <u><u>\$ 74,294</u></u> |

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 lives. Leasehold improvements are amortized over the lesser of their useful lives or the term of the lease. AIChE capitalizes all assets with a cost of \$5,000 or more and a useful life of more than one year.

Revenue recognition

AIChE's revenue and support are categorized by business line on the statement of activities and includes multiple revenue sources. The following are the main revenue sources of each category:

| Category | Main Revenue Sources |
|--------------------------------------|--|
| Individual membership | Membership dues and registration income |
| Publications sales and subscriptions | Royalty income, publications sales, subscriptions, and advertising |
| Center for Chemical Process Safety | Corporate dues, registration income, and sponsorships |
| Consortium | Corporate dues and registration income |
| RAPID | Government grants, corporate dues, and registration income |
| Meetings and technical programming | Registration income, sponsorships, and exhibits |
| Education services | Registration income |
| AIChE Foundation - contributions | Contributions |
| Other revenue | Membership dues, registration income, sponsorships, and grant income |

Revenue is recognized through the five step model described by FASB in the Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contracts; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contracts; and (5) recognition of revenue when a performance obligation is met.

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Corporate and individual membership dues are recognized as revenue over the period to which they apply and are billed in the year prior to which they apply. Corporate and individual membership dues collected in the year of billing, represent revenue for the following year and therefore are recorded as deferred revenue. Revenue from publication sales and subscriptions, including royalties is recognized based on the issue date frequency of monthly, quarterly, or bi-monthly. Publication sales and subscriptions billed and collected in the year prior to which they apply, represent revenue for the following year and therefore are recorded as deferred revenue. Registrations, sponsorships and exhibits are recognized as revenue based on the end date of the meeting event. Registration of education services are recognized mainly upon the end date of the event or upon invoice.

Accounts receivable for all revenue sources are not recorded until the year in which the revenues are earned. The timing of billings, cash collections and revenue recognition of transactions under FASB ASC 606 results in accounts receivable and deferred revenue on the accompanying statements of financial position. Deferred revenue related to transactions under FASB ASC 606 amounted to approximately \$4,522,000 and \$3,402,000 as of December 31, 2024 and January 1, 2024, respectively. Accounts receivable related to transactions under FASB ASC 606 amounted to approximately \$1,751,000 and \$1,568,000 as of December 31, 2024 and January 1, 2024, respectively.

Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors and funding sources. The excess of contract and grant expenditures over receipts is recognized as accounts receivable, while the excess of contract and grant receipts over expenditures is reported as deferred revenue. As of December 31, 2024, deferred revenue and accounts receivable related to government grants amounted to approximately \$115,000 and \$2,491,000, respectively.

AIChE recognizes revenue from the RAPID grant when the contractual obligations are met. Cost recovery occurs when the grants awarded provide for reimbursement of budgeted expenditures incurred within the grant period. The funds are received in increments based on expenditures or milestones for the period.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been charged among the programs and supporting services based on a combination of specific identification or allocation as determined by management. The expenses that are allocated include facilities, human resources and information technology department costs, which are allocated based on headcount.

Income taxes

AIChE has been recognized as an entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. AIChE has no unrecognized tax benefits as of December 31, 2024. AIChE's federal and state income tax returns prior to calendar year 2021 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

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If applicable, AIChE will recognize interest and penalties associated with tax matters as general and administrative expenses and include accrued interest and penalties with the related tax liability in the statements of financial position. There were no interest or penalties for the year ended December 31, 2024.

Subsequent events

AIChE has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 3, 2025, the date the financial statements were available to be issued.

Note 3 - Liquidity and availability

AIChE regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. AIChE has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and marketable debt and equity securities.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2024:

| | |
|---|----------------------|
| Financial assets at year end | |
| Cash and cash equivalents | \$ 2,280,290 |
| Accounts receivable, net | 4,242,310 |
| Contributions and pledges receivable, net | 16,508,339 |
| Investments | <u>39,175,813</u> |
| Total financial assets | <u>62,206,752</u> |
| Less amounts not available to meet general expenditures | |
| Contributions receivable due more than one year | 10,571,889 |
| Donor-imposed restrictions | 28,076,747 |
| Endowments | 6,088,318 |
| Letter of credit secured by investments | <u>288,855</u> |
| Financial assets not available to be used within one year | <u>45,025,809</u> |
| Total financial assets available to meet general expenditures over the next 12 months | <u>\$ 17,180,943</u> |

In addition, AIChE has a line of credit totaling \$2.8 million with a financial institution, which can be drawn upon if needed. See Note 11 for further description.

AIChE's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

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Notes to Financial Statements December 31, 2024

Note 4 - Investments

Investments consisted of the following at December 31, 2024 and were classified as Level 1 in the fair value hierarchy (as defined below):

| | |
|------------------------------|-----------------------------|
| Mutual funds | \$ 31,613,924 |
| Money market mutual funds | 7,548,626 |
| Equity securities - domestic | <u>13,263</u> |
| Total investments | <u><u>\$ 39,175,813</u></u> |

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.

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.

Note 5 - Contributions and pledges receivable, net

Contributions and pledges receivable, net consisted of the following as of December 31, 2024:

| | |
|---|-----------------------------|
| Amount due in: | |
| Less than one year | \$ 5,936,450 |
| One to five years | 11,471,740 |
| Due more than five years | <u>389,000</u> |
| Gross pledges receivable | 17,797,190 |
| Less: discount to present value from 4.16% to 4.79% | (1,105,079) |
| Less: allowance for uncollectible | <u>(183,772)</u> |
| Contributions and pledges receivable, net | <u><u>\$ 16,508,339</u></u> |

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Notes to Financial Statements December 31, 2024

Note 6 - Property and equipment, net

Property and equipment consisted of the following as of December 31, 2024:

| | | <u>Estimated Useful Lives</u> |
|---|---------------------|-----------------------------------|
| Furniture and fixtures | \$ 489,655 | 3-5 years |
| Computer and office equipment | 8,207,454 | 3-10 years |
| Leasehold improvements | <u>223,409</u> | 15 years |
| Total cost | 8,920,518 | |
| Less: accumulated depreciation/amortization | <u>(7,854,489)</u> | |
| Property and equipment, net | <u>\$ 1,066,029</u> | |

Depreciation and amortization expense amounted to \$654,087 for the year ended December 31, 2024.

Note 7- Leases

AIChE leases office space in New York City and Connecticut under non-cancellable operating lease agreements. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, AIChE recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability and initial direct costs. AIChE has elected and applies the practical expedient to combine nonlease components with their related lease components and account for them as a single combined lease component for all its leases. AIChE remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract. Right-of-use assets are assessed and remeasured for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

AIChE determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, AIChE estimates its incremental borrowing rate for as the discount rate, for certain leases. AIChE's incremental borrowing rate, which is determined at either lease commencement or when a lease liability is remeasured, is an estimate of the interest rate it would pay on a collateralized borrowing, for an amount equal to the amount and currency of denomination of the lease payments, over a period commensurate with the lease term and in a similar economic environment. As a practical expedient, AIChE elected to use the risk-free rate for leases and lease modifications executed during the year ended December 31, 2024. The risk-free rate used is based on United States government securities for periods comparable with lease terms.

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Notes to Financial Statements December 31, 2024

For accounting purposes, AIChE's leases commence on the earlier of (i) the date upon which AIChE obtains control of the underlying asset or (ii) the contractual effective date of a lease. Lease commencement for most of AIChE's leases coincides with the contractual effective date. AIChE's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal options are exercisable at the option of AIChE and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts. Unless AIChE determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or nonexercise of early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

AIChE has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

AIChE has a lease agreement for the rental of office space in New York City for a term of 15 years that commenced in August 2013. There is a one-time renewal option to extend the term of the lease for an additional five years. The lease agreement also provides for a free rental period commencing on the commencement date. In addition, tax abatements reduce the base rent by approximately \$82,000 per year. In addition to the base monthly rent, AIChE is required to pay additional rent for its share of operating expense escalations. The right-of-use asset and lease liability were calculated utilizing AIChE's incremental borrowing rate of 2.125% for each year.

AIChE also had a lease agreement for the rental of office space in Connecticut which had an original expiration date of December 31, 2025. During the year ended December 31, 2024, this lease was modified with respect to additional space, future lease payments, and expiration. This modification was accounted for as a separate contract as of May 20, 2024. The modified lease expires December 31, 2028 and has annual base rental charges of approximately \$41,000.

As of December 31, 2019, AIChE substituted an irrevocable standby letter of credit in the amount of \$288,855 in lieu of a security deposit for its office lease in New York. The letter of credit expires in April 2029 and is secured by mutual funds and money market funds owned by AIChE and held at the financial institution that issued the letter of credit.

The operating lease costs for the year ended December 31, 2024, amounted to approximately \$570,000.

Supplemental cash flow information related to AIChE's operating leases for the year ended December 31, 2024 is as follows:

| | |
|--|-------------------|
| Cash paid for amounts included in the measurement of operating lease liabilities | <u>\$ 627,633</u> |
| Addition to right-of-use assets | <u>\$ 172,460</u> |

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Notes to Financial Statements December 31, 2024

Weighted average remaining lease term and weighted average discount rate for AIChE's operating lease as of December 31, 2024:

| | |
|--|-------|
| Weighted average remaining lease term in years | 4.30 |
| Weighted average discount rate | 2.25% |

Approximate future lease payments of AIChE's operating lease liabilities are as follows for the five years ending after December 31, 2024:

| | | |
|------------------------------------|----|-------------------------|
| 2025 | \$ | 657,000 |
| 2026 | | 658,000 |
| 2027 | | 659,000 |
| 2028 | | 660,000 |
| 2029 | | <u>188,000</u> |
| Total lease payments | | 2,822,000 |
| Less: Present value discount | | <u>143,000</u> |
| Present value of lease liabilities | \$ | <u><u>2,679,000</u></u> |

Note 8 - Pension plans

Through December 31, 2005, AIChE had an active noncontributory, defined benefit pension plan covering all full-time employees, unless the employee was covered by another retirement plan, via a collective bargaining agreement. As of December 31, 2005, AIChE froze this plan. AIChE continues to maintain this plan for all plan participants; however, further benefits have not been provided and new participants have not been added since December 31, 2005. The benefits are based on years of service through December 31, 2005 and the employee's average pay. Average pay is defined as the highest average of basic annual pay including any overall incentive program compensation during any 36 consecutive months within the 120-month period prior to December 31, 2005. AIChE's funding policy is to contribute such amounts as are necessary on an actuarial basis to provide the plan with assets sufficient to provide benefits to plan participants.

AIChE also maintains a qualified contributory, defined contribution retirement plan pursuant to IRS Section 403(b) for its employees. Employees, who have attained the age of 21, are eligible to participate in employer contributions after completing 500 hours of service within the six-month time period following their date of hire. Under the terms of the plan, employees are entitled to defer a portion of their annual compensation within limitations established by the IRC. AIChE matches each employee's contribution, up to a maximum of 3% of base annual compensation. Contributions are deemed to be vested upon completion of two years of employment. AIChE's contributions under the plan amounted to \$301,920 for the year ended December 31, 2024.

As a substitute for the defined benefit plan, which was frozen on December 31, 2005, AIChE added, effective January 1, 2006, a noncontributory element to the defined contribution retirement plan, whereby AIChE contributes an amount based on the employee's total compensation. AIChE's discretionary contributions to the 403(b) plan amounted to \$1,016,232 for the year ended December 31, 2024.

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Notes to Financial Statements December 31, 2024

The funded status of the defined benefit plan as of December 31, 2024 was as follows:

| | |
|---|---------------------|
| Change in benefit obligation | |
| Benefit obligation at beginning of year | \$ 9,795,999 |
| Interest cost | 433,286 |
| Actuarial loss (gain) | (164,161) |
| Settlements | (607,239) |
| Benefit paid | <u>(410,231)</u> |
| Benefit obligation at end of year | 9,047,654 |
| Fair value of plan assets | <u>8,115,297</u> |
| Funded status | <u>\$ (932,357)</u> |

As of December 31, 2024, a net loss of \$655,652 was recognized in accumulated change in net assets without donor restrictions.

The components of net periodic benefit cost for the pension plan for the year ended December 31, 2024 was as follows:

| | |
|--------------------------------|-------------------|
| Interest cost | \$ 433,286 |
| Expected return on plan assets | (488,826) |
| Amortization of net loss | <u>157,788</u> |
| Net periodic pension cost | 102,248 |
| Settlement cost | <u>44,004</u> |
| Total pension expense | <u>\$ 146,252</u> |

The estimated (gain) loss and estimated prior service cost for the defined benefit plan that will be amortized from net assets without donor restrictions into net periodic pension cost in 2025 totaled \$0.

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the year ended December 31, 2024 was as follows:

| | |
|---|---------------------|
| Net gain | \$ (679,992) |
| Effect of settlement | <u>(44,004)</u> |
| Pension related changes other than net periodic pension cost | <u>\$ (723,996)</u> |
| Total recognized in net periodic pension cost and change in net assets without donor restrictions | <u>\$ (577,744)</u> |

As of December 31, 2024, a settlement resulted in lump sum payments totaling \$44,004.

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Notes to Financial Statements December 31, 2024

The weighted-average assumptions used to determine the benefit obligation and net periodic benefit cost for the pension plan as of and for the year ended December 31, 2024 was as follow:

| | |
|--|-------|
| Discount rate used for net periodic benefit cost | 5.00% |
| Discount rate used for pension obligation | 5.65% |
| Expected return on plan assets | 7.10% |

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 \$131,998, representing the remaining 2024 plan year contributions and the three 2025 plan year anticipated quarterly contributions, to its pension plan in the fiscal year beginning January 1, 2025 and ending December 31, 2025.

The following schedule of benefit payments for the pension plan, 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:

| | | |
|--------------------|----|-----------|
| 2025 | \$ | 555,261 |
| 2026 | | 701,740 |
| 2027 | | 431,623 |
| 2028 | | 660,610 |
| 2029 | | 839,900 |
| 5 years thereafter | | 3,537,508 |

The assets (expressed in percentages) for the pension plan consisted of the following as of December 31, 2024:

| | |
|-------------------|-------------|
| Equity securities | 62% |
| Debt securities | 37% |
| Cash equivalents | 1% |
| | <hr/> |
| | 100% |
| | <hr/> <hr/> |

The fair value hierarchy defines three levels, as further described in Note 4. Pension assets carried at fair value at December 31, 2024 are classified in the table as Level 1 as follows:

| | |
|----------------------------|--------------------------|
| Investments: | |
| Mutual funds | \$ 7,997,729 |
| Money market mutual funds | <hr/> 117,568 |
| | |
| Total assets at fair value | <hr/> <hr/> \$ 8,115,297 |

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.

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Notes to Financial Statements December 31, 2024

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 \$10,000 into a second HRA account. Upon retirement, AIChE will fund the HRA for future retirees with a Normal Retirement Date ("NRD") between December 1, 2016 and December 1, 2024. As of December 31, 2024, the accumulated postretirement benefit obligation related to the HRAs was \$96,851.

The funded status of the plan as of December 31, 2024 was as follows:

| | | |
|---|----|-------------------------|
| Change in benefit obligation | | |
| Benefit obligation at beginning of year | \$ | 583,884 |
| Service Cost | | 212 |
| Interest Cost | | 27,927 |
| Actuarial gain | | (52,880) |
| Benefit paid | | <u>(26,186)</u> |
| Benefit obligation at end of year | | <u>532,957</u> |
| Funded status | \$ | <u><u>(532,957)</u></u> |

As of December 31, 2024, amounts recognized in net assets without donor restrictions for the plan consisted of \$255,903.

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Notes to Financial Statements December 31, 2024

The components of net periodic benefit income for the year ended December 31, 2024 was as follow:

| | |
|------------------------------------|--------------------|
| Service cost | \$ 212 |
| Other components | |
| Interest cost | 27,927 |
| Amortization of prior service cost | - |
| Amortization of net gain | <u>(63,518)</u> |
| Net periodic benefit income | <u>\$ (35,379)</u> |

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the year ended December 31, 2024 was as follow:

| | |
|---|--------------------|
| Actuarial gain | \$ (52,880) |
| Amortization of prior service cost | - |
| Amortization of net gain | <u>63,518</u> |
| Postretirement related changes other than net periodic postretirement cost | <u>\$ 10,638</u> |
| Total recognized in net periodic pension cost and change in net assets without donor restrictions | <u>\$ (24,741)</u> |

The estimated net gain and prior service cost 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 \$90,855.

The weighted-average assumptions to determine the benefit obligation and net periodic benefit cost as of and for the year ended December 31, 2024 was as follow:

| | |
|--|-------|
| Discount rate used for net periodic benefit cost | 5.00% |
| Discount rate used for benefit obligations | 5.65% |

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:

| | |
|--------------------|-----------|
| 2025 | \$ 52,960 |
| 2026 | 76,692 |
| 2027 | 45,289 |
| 2028 | 44,162 |
| 2029 | 42,941 |
| 5 years thereafter | 200,122 |

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Notes to Financial Statements December 31, 2024

Note 10 - Net Assets with donor restrictions

Net assets with donor restrictions as of December 31, 2024 were available for the following purposes:

| | |
|---|----------------------|
| Subject to expenditures for specific purpose and the passage of time | |
| Award programs for scholastic achievements | \$ 119,265 |
| Educational and professional development | 27,940,726 |
| Public and government outreach and other | <u>16,756</u> |
| Subtotal | <u>28,076,747</u> |
| Endowments, including earnings - subject to endowment spending policy | |
| Award programs for scholastic achievements | 3,399,514 |
| Educational and professional development | 1,304,256 |
| Public and government outreach and other | <u>1,384,548</u> |
| Subtotal | <u>6,088,318</u> |
| Total net assets with donor restrictions | <u>\$ 34,165,065</u> |

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the year ended December 31, 2024 were as follows:

| | |
|--|---------------------|
| Award programs for scholastic achievements | \$ 114,271 |
| Educational and professional development | 7,727,153 |
| Public and government outreach and other | <u>14,737</u> |
| | <u>\$ 7,856,161</u> |

Note 11 - Commitments and contingencies

Meeting commitments

In the ordinary course of business, AIChE has entered into contracts with hotels for meetings scheduled to occur beyond December 31, 2024. 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 statements 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 2024 that are under contract, it would incur approximately \$9.3 million in cancellation charges. AIChE is subject to negotiable penalties in the event meeting attendees do not utilize the rooms.

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, 2025. 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, 2024, there were no borrowings.

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Notes to Financial Statements December 31, 2024

Note 12 - Other program expenses

Other program expenses reflect the decision by the Board of Directors that certain operations should be supported from surpluses from self-supporting operations, other operating revenues, and a portion of investment return. Certain other amounts, as approved by the Board of Directors, are also available for operating purposes. The supported programs include the following for the year ended December 31, 2024:

| | |
|---|---------------------|
| Subsidized activities include the governance of AIChE, public and governmental outreach programs, and support for the chemical engineering profession | <u>\$ 7,048,023</u> |
|---|---------------------|

Note 13 - Publishing agreements

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.

In September 2018, the Publishing Agreement was amended and modified to include an additional journal entitled Journal of Advanced Manufacturing and Processing ("JAMP"). The journal was terminated during 2025.

Note 14 - Endowments

The Board of AIChE follows the New York State law called the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA includes a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered without restrictions by the donor are reflected as net assets with donor restrictions until appropriated.

AIChE's Board has interpreted NYPMIFA as allowing AIChE to appropriate for expenditure or accumulate so much of an endowment fund as AIChE determines is prudent for the uses, benefits, purposes and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board.

AIChE has a policy of appropriating funds in an amount agreed upon by management and the Board. For the year ended December 31, 2024, the percentage appropriated for endowments was approximately 3% of the endowment fund's five year average fair value.

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Notes to Financial Statements December 31, 2024

As a result of this interpretation, AIChE has not changed the way net assets restricted in perpetuity are classified. The remaining portion of the donor-restricted endowment fund that is not classified as restricted in perpetuity is classified as net assets with donor restrictions (purpose and time-restricted for future periods), until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The policy for valuing AIChE's investments is described in Note 2. In accordance with U.S. GAAP, any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor, requires AIChE to retain in perpetuity is to be reported in net assets with donor restrictions.

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, 2024:

| | |
|---|---------------------|
| Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor | \$ 5,634,477 |
| Appreciation and cumulative unappropriated earnings | <u>453,841</u> |
| | <u>\$ 6,088,318</u> |

Changes in endowments for the year ended December 31, 2024 were as follows:

| | |
|---|---------------------|
| Investment return, net | \$ 619,239 |
| Contributions | 184,871 |
| Amount appropriated for expenditure | <u>(159,030)</u> |
| Total activity | 645,080 |
| Endowment net assets, beginning of year | <u>5,443,238</u> |
| Endowment net assets, end of year | <u>\$ 6,088,318</u> |

Endowment net assets of \$6,088,318 as of December 31, 2024 are included with investments in the accompanying statement 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. There were no deficiencies of this nature as of December 31, 2024.

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Notes to Financial Statements December 31, 2024

Note 15 - Concentrations of credit risk

Financial instruments that potentially subject AIChE to concentrations of credit risk consist principally of cash and cash equivalents. At times during the year, AIChE's cash balances may exceed the limits of Federal Deposit Insurance Corporation insurance coverage. On behalf of the Board of AIChE, the Finance Committee and management monitors AIChE's financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

Note 16 - RAPID

On October 24, 2016, AIChE was selected by the DOE to establish a manufacturing institute on *Modular Chemical Process Intensification*. RAPID 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.

RAPID's focus was on the application of modular chemical process intensification in manufacturing processes as a means of lowering costs, improving energy and resource efficiency, increasing overall productivity and maintaining manufacturing jobs within the United States of America (the "U.S."). One of the primary goals of RAPID and the other institutes was to enable manufacturing within the U.S. to expand and grow.

RAPID leverages AIChE's relationships with industry and academia, along with its close ties to the Clean Energy Smart Manufacturing Innovation Institute. AIChE brings its substantial educational resources and infrastructure to bear to train students and professionals in the dissemination and application of new module process intensification tools. AIChE capitalizes on the expertise of its global network of industrial and academic professionals and its long-standing experience of managing subsidiary technical centers such as CCPS and DIPPR.

As of June 30, 2023, the initial cooperative agreement for RAPID was completed. Closing paperwork was submitted to DOE on October 27, 2023 and is currently under final federal review.

On October 23, 2023, RAPID was selected for negotiation for a final award by the Industrial Efficiency and Decarbonization Office within the DOE for a second, continuing cooperative agreement. RAPID received the award of \$40 million on September 1, 2024. RAPID also received a \$6.6 million DOE award on October 1, 2023 centering around Decarbonizing Light Olefin Production using Advanced Electromagnetic Reactors.

The overall RAPID department revenues, which includes various other awards and subawards consist of the following for the year ended December 31, 2024:

| | |
|---|----------------------------|
| Federal government grants | \$ 4,408,319 |
| Corporate membership dues | 617,750 |
| Other | <u>66,052</u> |
| Total operating revenue and support - RAPID | <u><u>\$ 5,092,121</u></u> |

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Notes to Financial Statements December 31, 2024

Note 17 - Related parties

AIChE worked with a vendor whose principal owner was related to a staff member of AIChE. The vendor performs strategic creative, marketing and other services for AIChE Foundation. For the year ended December 31, 2024, AIChE fees to the vendor amounted to approximately \$164,000. These expenses incurred are deemed to be arm's-length transactions by AIChE's Board of Directors and management. The services for this vendor were terminated in 2024.



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