

**LUDWIG VON MISES INSTITUTE
FOR AUSTRIAN ECONOMICS, INC.**

Financial Statements

December 31, 2024 and 2023

Ludwig von Mises Institute for Austrian Economics, Inc.
Auburn, Alabama
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ludwig von Mises Institute for Austrian Economics, Inc.
Auburn, Alabama

Opinion

We have audited the accompanying financial statements of Ludwig von Mises Institute for Austrian Economics, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ludwig von Mises Institute for Austrian Economics, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter – Adoption of Accounting Standard Update

As discussed in Notes 1 and 7 to the financial statements, in fiscal year 2023, Ludwig von Mises Institute for Austrian Economics, Inc. adopted accounting standard update 2023-08, *Intangibles – Goodwill and Other – Crypto Assets* (Subtopic 350-60), *Accounting for and Disclosure of Crypto Assets*. Our opinion is not modified with respect to this matter.

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 Ludwig von Mises Institute for Austrian Economics, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

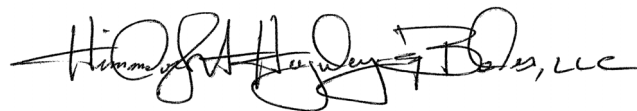
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Ludwig von Mises Institute for Austrian Economics, Inc.'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 Ludwig von Mises Institute for Austrian Economics, Inc.'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.



Himmelwright, Huguley & Boles, LLC
Auburn, Alabama
December 9, 2025

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Statements of Financial Position

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 15,962,062	\$ 7,828,037
Restricted cash	846,712	410,349
Bequests receivable	2,269,449	3,244,475
Certificates of deposit options	8,500,000	14,000,000
Restricted investments held in gift annuities	154,870	154,514
Inventory, net	339,002	298,354
Prepaid expenses	117,043	70,168
	<u>28,189,138</u>	<u>26,005,897</u>
Property and equipment		
Land, buildings and improvements	7,901,468	7,740,210
Computer and office equipment	303,581	275,875
Furniture and fixtures	401,122	388,679
Software	53,541	53,541
Construction in progress	483,244	493,249
	<u>9,142,956</u>	<u>8,951,554</u>
Less accumulated depreciation	<u>(4,725,493)</u>	<u>(4,440,005)</u>
Property and equipment, net	4,417,463	4,511,549
Deposits and other assets	279,191	10,512
Digital assets	2,147,377	774,813
Investments	30,239,353	21,325,549
Restricted investments	1,143,690	946,926
Life estate bequested	840,000	840,000
Beneficial interest in charitable remainder trusts	866,579	241,605
	<u>68,122,791</u>	<u>54,656,851</u>
Total assets	<u>\$ 68,122,791</u>	<u>\$ 54,656,851</u>

The notes to the financial statements are an integral part of this statement.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Statements of Financial Position

December 31, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 396,438	\$ 247,198
Current portion of liabilities associated with gift annuities	2,490	2,490
Current portion of deferred revenue	<u>286,961</u>	<u>3,008</u>
	685,889	252,696
Noncurrent liabilities		
Note payable	100,000	100,000
Deferred revenue	<u>333,865</u>	<u>149,373</u>
	433,865	249,373
Liabilities associated with gift annuities, less current portion	<u>25,782</u>	<u>24,585</u>
Total liabilities	1,145,536	526,654
Net assets		
Without donor restrictions	63,649,777	51,689,184
With donor restrictions		
Time restricted for future periods	1,712,076	1,083,738
Purpose restricted	96,453	46,526
Endowment fund	<u>1,518,949</u>	<u>1,310,749</u>
	<u>3,327,478</u>	<u>2,441,013</u>
Total net assets	<u>66,977,255</u>	<u>54,130,197</u>
Total liabilities and net assets	<u>\$ 68,122,791</u>	<u>\$ 54,656,851</u>

The notes to the financial statements are an integral part of this statement.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Statement of Activities
Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support			
Contributions	\$ 13,498,565	\$ 603,008	\$ 14,101,573
Sales and publications	430,544	-	430,544
Conference and seminar fees	70,343	96,453	166,796
Total revenue and other support			
before release of restrictions	13,999,452	699,461	14,698,913
Net assets released from temporary restrictions	46,526	(46,526)	-
Total revenue and other support	14,045,978	652,935	14,698,913
Disbursements and expenses			
Program services	5,949,410	-	5,949,410
General and administrative	555,219	-	555,219
Fundraising	673,775	-	673,775
Total expenses	7,178,404	-	7,178,404
Change in net assets before other income (expense)	6,867,574	652,935	7,520,509
Nonoperating income (expense)			
Interest and dividends	1,350,481	29,594	1,380,075
Change in value in beneficial interest in charitable remainder trusts	-	24,974	24,974
Changes in value in reserve for charitable gift annuities	-	356	356
Change in value of liabilities associated with gift annuities	(4,310)	-	(4,310)
Unrealized gain on investments	3,260,444	161,481	3,421,925
Realized gain on investments	199,186	17,125	216,311
Gain from digital assets	202,941	-	202,941
Rental income, net of expenses	50,799	-	50,799
Other support and income	33,478	-	33,478
Total other income (expense)	5,093,019	233,530	5,326,549
Change in net assets	11,960,593	886,465	12,847,058
Net assets - beginning of year	51,689,184	2,441,013	54,130,197
Net assets - end of year	<u>\$ 63,649,777</u>	<u>\$ 3,327,478</u>	<u>\$ 66,977,255</u>

The notes to the financial statements are an integral part of this statement.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Statement of Activities
Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and other support			
Contributions	\$ 6,555,887	\$ 3,008	\$ 6,558,895
Sales and publications	337,422	-	337,422
Conference and seminar fees	87,522	46,526	134,048
Graduate program	20,703	10,618	31,321
Total revenue and other support			
before release of restrictions	7,001,534	60,152	7,061,686
Net assets released from temporary restrictions	179,999	(179,999)	-
Total revenue and other support	7,181,533	(119,847)	7,061,686
Disbursements and expenses			
Program services	5,137,923	-	5,137,923
General and administrative	526,141	-	526,141
Fundraising	597,963	-	597,963
Total expenses	6,262,027	-	6,262,027
Change in net assets before other income (expense)	919,506	(119,847)	799,659
Nonoperating income (expense)			
Interest and dividends	847,268	3,257	850,525
Change in value in beneficial interest in charitable remainder trusts	-	58,437	58,437
Change in value in reserve for charitable gift annuities	-	705	705
Change in value of liabilities associated with gift annuities	(3,426)	-	(3,426)
Unrealized gain/(loss) on investments	1,575,894	95,455	1,671,349
Realized gain on investments	142,724	12,461	155,185
Gain from digital assets	429,521	-	429,521
Rental income, net of expenses	46,553	-	46,553
Loss on disposal of property and equipment	(3,760)	-	(3,760)
Other support and income	45,688	-	45,688
Total other income (expense)	3,080,462	170,315	3,250,777
Change in net assets	3,999,968	50,468	4,050,436
Net assets - beginning of year	47,689,216	2,390,545	50,079,761
Net assets - end of year	\$ 51,689,184	\$ 2,441,013	\$ 54,130,197

The notes to the financial statements are an integral part of this statement.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services	General and Administrative	Fundraising	Total
Academic outreach	\$ 131,982	\$ -	\$ -	\$ 131,982
Academy	2,439	-	-	2,439
Accounting and legal fees	-	79,410	-	79,410
Bank and investment fees	20,220	13,339	-	33,559
Bookstore	186,406	-	-	186,406
Computer networking	81,666	727	1,089	83,482
Conferences and conventions	852,404	-	-	852,404
Consulting	11,248	-	-	11,248
Cost of goods sold	19,157	-	-	19,157
Depreciation	279,281	2,482	3,724	285,487
Development	-	-	100,125	100,125
Employee benefits	217,085	34,734	37,628	289,447
Employee training	13,035	2,086	2,260	17,381
Equipment rental	12,932	-	-	12,932
Graduate program	21,600	-	-	21,600
Grants	53,893	-	-	53,893
Insurance	33,363	24,594	503	58,460
Interest	-	8,000	-	8,000
Library	17,638	-	-	17,638
Miscellaneous	72,554	8,247	-	80,801
Occupancy	88,960	791	1,187	90,938
Payroll taxes	155,137	24,822	26,890	206,849
Publications	721,813	-	-	721,813
Publicity	38,004	-	114,013	152,017
Repairs and maintenance	142,762	1,270	1,903	145,935
Salaries	2,214,302	354,288	383,812	2,952,402
Shipping and postage	59,494	-	-	59,494
Supplies	23,174	206	308	23,688
Telephone	25,081	223	333	25,637
Travel	123,097	-	-	123,097
Website	330,683	-	-	330,683
	<u>\$ 5,949,410</u>	<u>\$ 555,219</u>	<u>\$ 673,775</u>	<u>\$ 7,178,404</u>

The notes to the financial statements are an integral part of this statement.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Statement of Functional Expenses

Year ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Total
Academic outreach	\$ 110,091	\$ -	\$ -	\$ 110,091
Academy	31,008	-	-	31,008
Accounting and legal fees	-	119,271	-	119,271
Bank and investment fees	14,569	9,612	-	24,181
Bookstore	114,514	-	-	114,514
Computer networking	109,287	973	1,457	111,717
Conferences and conventions	663,908	-	-	663,908
Consulting	21,184	-	-	21,184
Cost of goods sold	79,616	-	-	79,616
Depreciation	249,652	2,219	3,329	255,200
Development	-	-	137,022	137,022
Employee benefits	175,772	28,124	30,467	234,363
Employee training	18,949	3,032	3,285	25,266
Equipment rental	4,497	-	-	4,497
Graduate program	208,038	-	-	208,038
Grants	87,180	-	-	87,180
Insurance	25,722	12,749	3,110	41,581
Interest	-	8,000	-	8,000
Library	8,167	-	-	8,167
Miscellaneous	44,541	5,598	-	50,139
Occupancy	82,673	735	1,103	84,511
Payroll taxes	145,278	23,245	25,182	193,705
Provision for obsolete inventory	(152,718)	-	-	(152,718)
Publications	658,752	-	-	658,752
Publicity	17,915	-	53,746	71,661
Repairs and maintenance	135,944	1,209	1,812	138,965
Salaries	1,944,135	311,062	336,984	2,592,181
Shipping and postage	33,225	-	-	33,225
Supplies	22,732	202	302	23,236
Telephone	12,381	110	164	12,655
Travel	123,968	-	-	123,968
Website	146,943	-	-	146,943
	<u>\$ 5,137,923</u>	<u>\$ 526,141</u>	<u>\$ 597,963</u>	<u>\$ 6,262,027</u>

The notes to the financial statements are an integral part of this statement.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Statements of Cash Flows
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Change in net assets	\$ 12,847,058	\$ 4,050,436
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	285,487	255,200
Noncash contributions in digital assets	(1,169,623)	(63,469)
Loss on disposal of property and equipment	-	3,760
Interest and dividends	(1,380,075)	(850,525)
Net realized and unrealized gain on investments	(3,638,236)	(1,826,534)
Unrealized (gain)/loss on digital assets	(202,941)	(429,521)
Change in investments held in gift annuities	(356)	(705)
Change in value in beneficial interests	(24,974)	(58,437)
Changes in operating assets and liabilities		
Accounts receivable	-	574
Bequest receivable	975,026	-
Inventory	(40,648)	(133,308)
Prepaid expenses	(46,875)	28,971
Deposits and other assets	(268,679)	(4,593)
Accounts payable and accrued expenses	149,240	109,117
Liabilities associated with gift annuities	1,197	1,558
Deferred revenue	468,445	(3,008)
Net cash provided by operating activities	<u>7,954,046</u>	<u>1,079,516</u>
Investing Activities		
Net proceeds from sales and purchases of investments	1,407,743	691,319
Net proceeds from charitable remaining trusts	(600,000)	169,381
Purchases of property and equipment	<u>(191,401)</u>	<u>(838,976)</u>
Net cash provided by investing activities	<u>616,342</u>	<u>21,724</u>
 Net increase in cash and cash equivalents	 8,570,388	 1,101,240
 Cash, cash equivalents and restricted cash- beginning of year	 <u>8,238,386</u>	 <u>7,137,146</u>
 Cash, cash equivalents and restricted cash - end of year	 16,808,774	 8,238,386
Less restricted cash	<u>846,712</u>	<u>410,349</u>
 Cash and cash equivalents - end of year	 <u><u>\$ 15,962,062</u></u>	 <u><u>\$ 7,828,037</u></u>

The notes to the financial statements are an integral part of this statement.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Ludwig von Mises Institute for Austrian Economics, Inc. (the "Institute") is organized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Its primary function is to promote the ideas of Ludwig von Mises and his work through the collection of contributions, the awarding of fellowships, and the publishing and distribution of his works. The Institute's primary sources of revenue are contributions from the public, book sales, and registration fees from conferences and seminars.

Basis of Accounting

The financial statements of the Institute have been prepared in accordance with accounting principles generally accepted in the United States of America. The Institute recognizes income when earned rather than when received and recognizes expenses when incurred rather than when paid.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Financial Statement Presentation

The Institute reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions are those currently available at the direction of the Board of Directors (the Board) for use in the Institute's operations or invested in property and equipment.

With donor restrictions are those which are stipulated by donors for specific operating purposes and those that are time restricted, or those required to be held in perpetuity. Endowment funds held in perpetuity are held and managed in accordance with donor stipulations.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.

Cash and Cash Equivalents

The Institute considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash equivalents consist of money market securities stated at amortized cost which approximates fair value. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balance reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The Institute has never experienced any losses related to these balances.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventory

Inventory consists of publications, media, and memorabilia and is stated at the lower of cost, as determined by the first-in, first-out (FIFO) method, or market. The Institute estimates potential obsolescence in inventory held at year end based on knowledge of products, the industry, and current market conditions. During 2023, the Institute revised its methodology to determine its estimate of the net realizable value of certain inventory items. The revised methodology resulted in a decrease in the reserve for the obsolete inventory of \$152,718. The Institute will continue to monitor inventory levels and adjust the allowance for obsolete inventory as necessary in future periods. The reserve for inventory obsolescence totaled \$66,025 and \$102,280 at December 31, 2024 and 2023, respectively.

Investments

Investments with readily determinable fair values are recorded at fair market value. Investments without readily determinable fair values are recorded at cost, or if impaired, at estimated realizable value. The Institute's investments as of December 31, 2024 and 2023 consisted primarily of marketable debt and equity securities, certificates of deposits, and precious metals held at banks or bonded warehouses.

The Board and management of the Institute have interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Institute classifies permanent endowment funds as net assets with donor restrictions (a) the original value of gifts donated to the endowment funds and (b) the value of subsequent contributions to the endowment funds and accumulations to the permanent endowment funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with SPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Institute and the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Institute, and (7) the investment policies of the Institute.

The Investment Committee is charged with the fiduciary responsibility of preserving and augmenting the value of the endowments, included in investments, thereby sustaining the ability to generate financial support to further the mission of the Institute. The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that cover the payouts, administrative expenses, plus the rate of inflation while assuming a moderate level of investment risk.

Investments have been classified as non-current assets in the statement of financial position as it is the intention of management to hold the investments for a period greater than one year as of December 31, 2024 and 2023.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are carried at cost or, if donated, the approximate fair value at the date of donation, less accumulated depreciation and include expenditures which substantially increase the useful lives of existing property and equipment. Maintenance, repairs, and minor renovations are recorded as expenses as they are incurred. When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on the disposition is credited or charged to income.

Historically, all assets with estimated useful lives exceeding one year and exceeding \$2,500 are capitalized. The Institute provides for depreciation of property and equipment using the straight-line method designed to amortize costs over the following estimated useful lives: buildings and improvements, 5 to 40 years; computer and office equipment, 5 to 15 years; furniture and fixtures, 5 to 7 years; and software, 3 years. Depreciation expense totaled \$285,487 and \$255,200 for the years ended December 31, 2024 and 2023, respectively.

Beneficial Interest in Charitable Remainder Trust, Gift Annuities, and Life Estates

The Institute is a full or partial beneficiary of charitable remainder trusts, gift annuities, and life estates. These charitable gift annuities are recorded at the Institute's fair value of the underlying investments, less the present value of future cash outflows to lifetime annuitants or specified time period beneficiaries. Charitable remainder trusts are recorded at the fair value of the underlying investments since the beneficiary is no longer receiving distributions. The life estates are valued at the current appraised value with an offsetting amount charged to deferred revenue over the estimated remaining life of the estate.

The Institute was named as a grantee of a life estate on August 30, 2019. The Institute recorded this life estate as an investment valued at \$840,000. A portion of the life estate will be amortized over the estimated remaining life of the life estate (estimated at 55 years). Deferred revenue totaling \$165,416 was recorded as of August 30, 2019, representing the portion of the life estate that the Institute will have full control over in the future. During the year ended December 31, 2024 and 2023, revenue totaling \$3,008 and \$3,008, respectively, was recorded in the accompanying Statements of Activities. Deferred revenue related to the life estate totaled \$149,373, and \$152,381 at December 31, 2024 and 2023, respectively.

Deferred Revenue

Deferred revenue consists of amounts received in advance that have not yet been recognized as revenue because the related activities have not occurred or the performance obligations have not been met as of year-end. At December 31, 2024, deferred revenue primarily includes donations received for future conferences and seminars, a grant received for future publications, and the aforementioned life estate. These amounts will be recognized as revenue in the period in which the related events are held or the publications are issued, in accordance with the Institute's revenue recognition policy. Deferred revenue totaled \$620,826 and \$152,381 at December 31, 2024 and 2023, respectively.

Income Taxes

The Institute is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), except to the extent that it has taxable income from businesses that are not related to its tax-exempt purpose. Unrelated business income, if there was any, would be taxed at the applicable corporate income tax rate. The Institute did not have any unrelated business income during the years ended December 31, 2024 and 2023, and accordingly, no provision for income taxes has been made in the financial statements.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes - Continued

The Institute is not currently under examination by any taxing jurisdiction. For the years ended December 31, 2024 and 2023, there were no interest or penalties associated with tax positions recorded in the accompanying financial statements.

Fair Value

The established framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price the Institute would expect to receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Reclassifications

Certain prior year balances have been reclassified to conform to the current year presentation. The reclassification had no effect on total net assets or the change in net assets as of and for the year ended December 31, 2023, as previously reported.

New Accounting Standard Update

The Institute adopted accounting Standards Update No. 2023-08, *Intangibles – Goodwill and Other – Crypto Assets* (Subtopic 350-60), *Accounting for and Disclosure of Crypto Assets*. The amendments in this standard are effective for the annual financial statements issued for fiscal years beginning after December 15, 2024, with early adoption permitted. See note 7 for additional information. The Institute early adopted this standard effective January 1, 2022.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Subsequent Events

In preparing the financial statements, management evaluated subsequent events through December 9, 2025, the date the financial statements were available to be issued. No events have occurred subsequent to the date of the report that require recognition of disclosure.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The following table reflects the Institute's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Such amounts include those set aside for long-term investing. However, amounts already appropriated from the donor-restricted endowment within one year have not been subtracted as unavailable.

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, consisted of the following at December 31, 2024 and 2023:

	2024	2023
Financial assets	\$ 62,970,092	\$ 49,766,268
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	1,990,402	1,357,275
Charitable remainder trusts, gift annuities, and life estates	1,861,449	1,236,119
Investments held for long term use	32,386,730	22,100,362
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 26,731,511</u>	<u>\$ 25,072,512</u>

NOTE 3 - FAIR VALUE

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used during the years ended December 31, 2024 and 2023.

- *Money Market Funds*: Valued at amortized cost which approximates fair value.
- *Marketable Equity Securities and Fixed Income Securities*: Valued at the closing price reported on the active markets on which the individual securities are traded.
- *Mutual Funds and Digital Assets*: Valued based on quoted market prices.
- *Certificates of Deposit*: Valued at amortized cost which approximates fair value. All certificates of deposit have four-week maturities.
- *Precious Metals (held at banks or bonded warehouses)*: Valued at the closing price reported on the active markets on which the individual items are traded.
- *Investment in Life Estate*: Investments in life estates are valued based upon an appraisal performed by a licensed appraiser on, or near, the date of donation.
- *Beneficial Interest in Charitable Remainder Trusts (CRT)*: CRTs are valued at the pro rata share of the market value of the underlying assets.

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

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 3 - FAIR VALUE - Continued

The following table sets forth, by level within the fair value hierarchy, the Institute's investment assets at fair value as of December 31, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 3,418,460	\$ 3,418,460	\$ -	\$ -
Marketable equity securities	501,471	501,471	-	-
Fixed income securities	405,457	405,457	-	-
Mutual funds	20,037,670	20,037,670	-	-
Digital assets	2,147,377	2,147,377	-	-
Certificates of deposit	8,654,870	8,654,870	-	-
Precious metals, held at banks or bonded warehouses	10,438,445	10,438,445	-	-
Life estate bequested	840,000	-	-	840,000
Total investments	43,025,290	42,185,290	-	840,000
Beneficial interest in charitable remainder trusts	866,579	-	-	866,579
Total beneficial interests	866,579	-	-	866,579
	\$ 47,310,329	\$ 45,603,750	\$ -	\$ 1,706,579

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 3 - FAIR VALUE - Continued

The following table sets forth, by level within the fair value hierarchy, the Institute's investment assets at fair value as of December 31, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 2,111,178	\$ 2,111,178	\$ -	\$ -
Marketable equity securities	2,452,026	2,452,026	-	-
Fixed income securities	521,873	521,873	-	-
Mutual funds	11,358,274	11,358,274	-	-
Digital assets	774,813	774,813	-	-
Certificates of deposit	14,154,514	14,154,514	-	-
Precious metals, held at banks or bonded warehouses	7,940,302	7,940,302	-	-
Life estate bequested	840,000	-	-	840,000
Total investments	38,041,802	37,201,802	-	840,000
Beneficial interest in charitable remainder trusts	241,605	-	-	241,605
Total beneficial interests	241,605	-	-	241,605
	<u>\$ 40,394,585</u>	<u>\$ 39,312,980</u>	<u>\$ -</u>	<u>\$ 1,081,605</u>

The following table sets forth a summary of changes in the fair value of the Institute's level three investment assets for the years ended December 31, 2024 and 2023:

	Beneficial Interest in Charitable Remainder Trusts
Balance - December 31, 2022	\$ 352,549
Distribution	(169,381)
Change in value	58,437
Balance - December 31, 2023	241,605
Contributions	600,000
Change in value	24,974
Balance - December 31, 2024	<u>\$ 866,579</u>

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 4 - ENDOWMENT

The Institute's endowment consists of donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets consisted of the following during the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
With Donor Restrictions		
Endowment nets assets - beginning of year	\$ 1,310,749	\$ 1,199,576
Investment income	29,594	3,257
Realized and unrealized gains, net	178,606	107,916
Total investment return	<u>208,200</u>	<u>111,173</u>
Endowment net assets - end of year	<u>\$ 1,518,949</u>	<u>\$ 1,310,749</u>

A description of amounts of net assets classified as with donor restrictions (endowment only) consisted of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Net assets with donor restrictions:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	\$ 1,518,949	\$ 1,310,749

Endowment assets are invested to result in an inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds if possible. Actual returns in any given year will vary. To satisfy its long-term, rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Institute targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level necessary to maintain the purchasing power of the original gift plus additions. Deficiencies of this nature, called underwater endowment funds, resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Institute's Board of Directors. Endowment funds consisted of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Fair value of assets	\$ 1,518,949	\$ 1,310,749
Original gift plus additions	1,149,375	1,149,375
	<u>\$ 369,574</u>	<u>\$ 161,374</u>

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 5 - RESTRICTED CASH

At December 31, 2024 and 2023, the Institute maintained certain cash balances that are restricted as to the use. These amounts are not available for general operating purposes and are restricted in accordance with donor stipulations or contractual agreements. Restricted cash consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Funds held in investment money markets	\$ 375,259	\$ 363,823
Grant restricted funds for specific projects	375,000	-
Funds held for future conferences	96,453	46,526
	<u>\$ 846,712</u>	<u>\$ 410,349</u>

NOTE 6 - BEQUEST RECEIVABLE

The Institute was bequeathed the residual value of a donor's estate in 2018. The Institute has received approximately \$11.8 million from this estate between October 2019 and December 2022. Approximately \$1.3 million and \$1.3 million were received during the years ended December 31, 2022 and 2021, respectively. In June 2023, the Institute received an estimate of the estate's net distributable cash totaling \$1,944,475.

In November 2022, the Institute was bequeathed the residual value of a donor's estate with net distributable cash estimated to total \$1,300,000 as of December 31, 2022. The net distributable cash was received in September 2024.

The Institute was bequeathed the residual value of a donor's estate in 2024. The Institute has received approximately \$5.3 million from the estate between May 2024 and August 2025. Additionally, the Institute will receive 50% of the remaining net assets on a charitable remainder annuity trust corpus at the time of the payee's death, currently valued at \$1,200,000.

Bequest receivables are recorded in the accompanying Statement of Financial Position as of December 31, 2024 and 2023 and totaled \$2,269,449 and \$3,244,475, respectively.

NOTE 7 - DIGITAL ASSETS

During the year ended December 31, 2023, the Institute implemented Accounting Standards Update No. 2023-08, *Intangibles – Goodwill and Other – Crypto Assets* (Subtopic 350-60), *Accounting for and Disclosure of Crypto Assets*. During the year ended December 31, 2024 and 2023, the Institute reported digital assets balances totaling \$2,147,377 and \$774,813, respectively. The Institute accounts for such noncash consideration at the time contributions and transactions occur, recording the current quoted market value price of the digital assets. The Institute reflects digital assets held at fair value on the accompanying statements of financial position and cash flows, and the activity from remeasurement of digital assets at fair value on the statements of activities.

The following table sets forth the units held, cost basis and fair value of the digital assets held, as shown in the accompanying statements of financial position as of December 31, 2024 and 2023:

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 7 - DIGITAL ASSETS - Continued

	<u>Number of Units</u>	<u>Cost Basis</u>	<u>Fair Value</u>
December 31, 2024			
Bitcoin	22.97	\$ 1,774,590	\$ 2,147,377
		<u>\$ 1,774,590</u>	<u>\$ 2,147,377</u>
December 31, 2023			
Bitcoin	17.54	\$ 610,304	\$ 774,813
		<u>\$ 610,304</u>	<u>\$ 774,813</u>

The following table represents a reconciliation of the fair values of the Institute's digital assets held for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Beginning balance at fair value	\$ 774,813	\$ 281,823
Additions	1,169,744	63,770
Dispositions	(121)	(301)
Unrealized gain/(loss), net	<u>202,941</u>	<u>429,521</u>
Ending balance at fair value	<u>\$ 2,147,377</u>	<u>\$ 774,813</u>

NOTE 8 - NOTE PAYABLE

The Institute has a \$100,000 note payable to a charitable trust, bearing interest at 8.00% annually. Interest is waived annually per a signed agreement dated November 1, 1998. Under the terms of the agreement, the note will be forgiven upon the death of the creators of the Trust. The Trust has the right to demand repayment of the note with a six-month notice.

LUDWIG VON MISES INSTITUTE FOR AUSTRIAN ECONOMICS, INC.

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets were available for the following purposes at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specific purpose:		
Special projects	\$ 96,453	\$ 46,526
Investment in perpetuity, which, once appropriated, is expendable to:		
Scholarships	1,518,949	1,310,749
Beneficial interests in various trusts and gift annuities to support:		
Other	1,712,076	1,083,738
	<u>\$ 3,327,478</u>	<u>\$ 2,441,013</u>

NOTE 10 - RETIREMENT PLAN

The Institute makes contributions for its employees to a defined contribution retirement plan. The Institute makes matching contributions to employee accounts at the rate of 100% for the first 1% of salary contributed and 50% of the next 5% of salary contributed, resulting in a match up to 3.5% on 6% of contributed salary. Full-time employees and part-time employees working over 20 hours per week are eligible for participation in the plan on the first day of employment and are fully vested after one year of participation. Employer contributions to the plan totaled \$84,839 and \$45,399 during the years ended December 31, 2024 and 2023, respectively.

NOTE 11 - FUNCTIONAL EXPENSES

The financial statements contain certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee training, employee benefits, payroll taxes, repairs and maintenance, depreciation, computer networking, occupancy, supplies, and telephone. Management determined based on the nature of the Institute's operations and organizational structure, that the principal drivers of expenses are employees' time and square footage of office space. Therefore, the estimated time spent by each employee for each functional expense is used as the basis for allocating salaries, employee training, employee benefits and payroll taxes, and the square footage of office space is used as the basis for allocating repairs and maintenance, depreciation, computer networking, occupancy, supplies, and telephone.