



# COMPETITIVE ENTERPRISE INSTITUTE

## **Financial Statements**

**For the Year Ended September 30, 2023**

*(With Summarized Financial Information for the Year Ended September 30, 2022)*



**and  
Report Thereon**



**COMPETITIVE ENTERPRISE INSTITUTE**

**TABLE OF CONTENTS**  
**For the Year Ended September 30, 2023**

---

	<b><i>Page</i></b>
Independent Auditors' Report.....	1-2
Financial Statements	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7-13

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
**Competitive Enterprise Institute**

### ***Opinion***

We have audited the financial statements of Competitive Enterprise Institute (CEI), which comprise the statement of financial position as of September 30, 2023, 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 CEI as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CEI 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 CEI'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 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 CEI'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 CEI'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.

### **Other Matter**

#### ***Report on Summarized Comparative Information***

We have previously audited CEI's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived with the exception of the changes with the implementation of Accounting Standards Codification Topic 842 *Leases* using the modified retrospective approach.

*Marcum LLP*

Washington, DC  
February 8, 2024

**COMPETITIVE ENTERPRISE INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2023**  
(With Summarized Financial Information as of September 30, 2022)

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,155,918	\$ 3,282,744
Investments	3,275,780	667,926
Pledges receivable	1,910,000	672,500
Other receivables	10,574	20,990
Prepaid expenses	273,833	205,566
Deposits and other assets	61,832	61,832
Operating right of use asset	2,877,191	3,537,850
Finance right of use asset	20,382	25,587
Property and equipment, net	426,915	529,750
	\$ 10,012,425	\$ 9,004,745
<b>TOTAL ASSETS</b>		
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 281,648	\$ 172,314
Accrued salaries and benefits	293,823	244,709
Operating lease liability	3,803,494	4,627,776
Finance lease liability	24,898	28,552
	4,403,863	5,073,351
<b>TOTAL LIABILITIES</b>		
<b>Net Assets</b>		
Without donor restrictions	4,897,417	3,056,002
With donor restrictions	711,145	875,392
	5,608,562	3,931,394
<b>TOTAL NET ASSETS</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 10,012,425	\$ 9,004,745

The accompanying notes are an integral part of these financial statements.

**COMPETITIVE ENTERPRISE INSTITUTE**

**STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2023**

**(With Summarized Financial Information for the Year Ended September 30, 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 9,126,292	\$ 942,500	\$ 10,068,792	\$ 7,461,615
Special events	367,200	-	367,200	505,400
Contributed goods and services	116,344	-	116,344	147,389
Rental income	44,875	-	44,875	88,028
Investment income, net	58,975	-	58,975	15,627
Miscellaneous	9,663	-	9,663	1,147
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,106,747	(1,106,747)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>10,830,096</b>	<b>(164,247)</b>	<b>10,665,849</b>	<b>8,219,206</b>
<b>EXPENSES</b>				
Program Services:				
Other programs	1,789,632	-	1,789,632	1,447,570
Center for Communication	1,434,460	-	1,434,460	971,485
Center for Economic Freedom	1,134,238	-	1,134,238	895,000
Center for Litigation	875,356	-	875,356	786,184
Center for Energy and Environment	843,698	-	843,698	738,280
Center for Technology and Innovation	835,116	-	835,116	692,680
Total Program Services	6,912,500	-	6,912,500	5,531,199
Supporting Services:				
Fundraising	1,332,928	-	1,332,928	1,067,638
General and administrative	643,763	-	643,763	444,925
Fundraising – cost of direct benefit to donors	99,490	-	99,490	98,633
Total Supporting Services	2,076,181	-	2,076,181	1,611,196
<b>TOTAL EXPENSES</b>	<b>8,988,681</b>	<b>-</b>	<b>8,988,681</b>	<b>7,142,395</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,841,415</b>	<b>(164,247)</b>	<b>1,677,168</b>	<b>1,076,811</b>
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	<b>3,056,002</b>	<b>875,392</b>	<b>3,931,394</b>	<b>2,854,583</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,897,417</b>	<b>\$ 711,145</b>	<b>\$ 5,608,562</b>	<b>\$ 3,931,394</b>

The accompanying notes are an integral part of these financial statements.

**COMPETITIVE ENTERPRISE INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended September 30, 2023**  
**(With Summarized Financial Information for the Year Ended September 30, 2022)**

	Program Services						Supporting Services				2023 Total	2022 Total
	Other Programs	Center for Communication	Center for Economic Freedom	Center for Energy and Environment	Center for Litigation	Center for Technology and Innovation	Total Program Services	Fundraising	General and Administrative	Total Supporting Services		
Salaries, benefits and payroll taxes	\$ 1,054,298	\$ 625,598	\$ 541,207	\$ 587,174	\$ 311,157	\$ 501,200	\$ 3,620,634	\$ 611,418	\$ 311,669	\$ 923,087	\$ 4,543,721	\$ 4,097,131
Professional services	133,855	138,943	100,486	10,736	418,389	221,508	1,023,917	205,843	100,434	306,277	1,330,194	1,056,540
Occupancy	183,769	122,372	81,630	81,630	61,260	61,260	591,921	81,631	99,174	180,805	772,726	682,420
Travel and meetings	282,699	3,120	6,062	2,126	5,341	12,105	311,453	261,200	2,179	263,379	574,832	394,439
Advertising	175	424,259	-	-	-	-	424,434	-	-	-	424,434	158,731
Direct mail	-	-	-	116,626	19,181	9,472	145,279	202,230	47,163	249,393	394,672	202,336
Grant expense	-	-	362,000	-	-	-	362,000	-	15,500	15,500	377,500	150
Supplies and office expense	37,794	63,712	11,019	11,019	8,369	8,375	140,288	33,383	17,232	50,615	190,903	166,161
Fees, dues and subscriptions	3,585	16,362	6,821	9,582	29,953	2,253	68,556	9,047	27,137	36,184	104,740	91,670
Depreciation and amortization	34,187	22,782	15,197	15,197	11,405	11,405	110,173	9,993	3,792	13,785	123,958	130,001
Printing and postage	37,904	403	484	324	3,511	137	42,763	2,029	65	2,094	44,857	68,311
Insurance	14,537	9,767	6,515	6,515	4,889	4,889	47,112	6,665	1,626	8,291	55,403	57,009
Telephone	4,440	2,552	1,877	1,842	1,205	1,816	13,732	2,808	965	3,773	17,505	12,847
Bad debt	-	-	-	-	-	-	-	-	15,000	15,000	15,000	7,500
Interest	1,752	1,168	779	779	585	585	5,648	779	194	973	6,621	4,048
Miscellaneous	637	3,422	161	148	111	111	4,590	5,392	1,633	7,025	11,615	13,101
<b>TOTAL EXPENSES</b>	<b>\$ 1,789,632</b>	<b>\$ 1,434,460</b>	<b>\$ 1,134,238</b>	<b>\$ 843,698</b>	<b>\$ 875,356</b>	<b>\$ 835,116</b>	<b>\$ 6,912,500</b>	<b>\$ 1,432,418</b>	<b>\$ 643,763</b>	<b>2,076,181</b>	<b>\$ 8,988,681</b>	<b>\$ 7,142,395</b>

The accompanying notes are an integral part of these financial statements.

**COMPETITIVE ENTERPRISE INSTITUTE**

**STATEMENT OF CASH FLOWS**

**For the Year Ended September 30, 2023**

**(With Summarized Financial Information for the Year Ended September 30, 2022)**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,677,168	\$ 1,076,811
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized loss on investments	4,100	379
Loss on disposal of property and equipment	-	2,320
Depreciation and amortization	123,958	130,001
Amortization of operating right of use asset	660,659	650,022
Amortization of finance right of use asset	5,205	1,734
Changes in assets and liabilities:		
Pledges receivable	(1,237,500)	140,000
Other receivables	10,416	(1,392)
Prepaid expenses	(68,267)	(29,494)
Deposits and other assets	-	116
Accounts payable and accrued expenses	109,334	(177,019)
Accrued salaries and benefits	49,114	5,008
Operating lease liability	(824,282)	(869,039)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>509,905</b>	<b>929,447</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(21,123)	(23,510)
Purchase of investments	(2,870,885)	(35,126)
Sale of investments	258,931	18,864
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,633,077)</b>	<b>(39,772)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance lease liability	(3,654)	(1,231)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,654)</b>	<b>(1,231)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,126,826)</b>	<b>888,444</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,282,744</b>	<b>2,394,300</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,155,918</b>	<b>\$ 3,282,744</b>

The accompanying notes are an integral part of these financial statements.



# COMPETITIVE ENTERPRISE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

---

### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

Competitive Enterprise Institute (CEI) was incorporated in the District of Columbia in 1984 as a nonprofit organization. CEI serves as a link between the academic community of free market scholars and the general public. CEI works to promote a better understanding of the values of a free society and the policies necessary for its survival by using policy analysis, public education and litigation. These activities are funded primarily through contributions and grants from individuals, corporations and foundations.

#### **Basis of Presentation**

The accompanying financial statements and footnotes have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Cash Equivalents**

For financial statement purposes, CEI considers all highly liquid securities, held outside of the managed investment portfolio, to be cash equivalents.

#### **Pledges Receivable**

All unconditional promises to give are expected to be collected within one to five years and are recorded as pledges receivable at net realizable value. Conditional promises to give are not included as support until the barriers to recognition are substantially met. CEI believes all pledges are fully collectible, and therefore does not have an allowance for uncollectible amounts.

#### **Investments**

Investments consist of certifications of deposit and insurance annuity contracts which are recorded in the accompanying financial statements at fair value. The change in unrealized appreciation or depreciation of investments is included in investment income, net in the accompanying statement of activities. Realized gains and losses on sales of investments are computed using an average cost method, recorded on the trade date of the transactions and included in net investment income in the accompanying statement of activities.

#### **Fair Value Measurement**

Applicable financial assets and liabilities measured at fair value on a recurring basis are categorized in the fair value hierarchy as follows:

*Level 1* – Valuation based on quoted prices in active markets for identical assets or liabilities as of the reporting date, without adjustment.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability, such as quoted prices for similarly structured securities in active markets.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the assets or liability.

# COMPETITIVE ENTERPRISE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

---

### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Fair Value Measurement (continued)**

As of September 30, 2023, only CEI's investments, as described in Note 2 of these financial statements, were measured at fair value on a recurring basis.

#### **Property and Equipment and Related Depreciation and Amortization**

Property and equipment are stated at cost and are depreciated using the straight-line method over three to seven years, with no salvage value. Leasehold improvements are amortized over the shorter of the lease period or useful life of the improvements. Expenditures for major repairs and improvements over \$1,000 and an economic life in excess of one year are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts and the resulting gain or loss is included in revenue or expenses.

#### **Classification of Net Assets**

Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of CEI at the discretion of CEI's management and the Board of Directors. Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of CEI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of September 30, 2023, CEI had no net assets with donor restrictions that are required to be maintained in perpetuity.

#### **Revenue Recognition**

Unconditional grants and contributions are reported as revenue in the year in which unconditional promises to give are made. CEI reports gifts of cash and other non-financial assets that are received with donor stipulations limiting the use of the donated assets as net assets without donor restrictions if all such donor restrictions are met in the fiscal year in which the award is received. CEI reports gifts of cash and other non-financial assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Donated goods and services consisting principally of advertising are recorded as in-kind contributions at their estimated fair value as of the date of the donation.

#### **Estimates**

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

# COMPETITIVE ENTERPRISE INSTITUTE

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of CEI are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Occupancy, depreciation and other shared costs are allocated based on the number of employees working in the related department. Costs that are part of the direct mail campaigns are allocated based on the line counts of the direct mail pieces.

#### **New Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right of use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

CEI adopted the standard effective October 1, 2022 and recognized and measured leases existing at, or entered into after, October 1, 2021 (the beginning of the earliest comparative period presented) using a modified retrospective approach, with certain practical expedients available. As a result of the adoption of the new lease accounting guidance, CEI recognized on October 1, 2021, an operating lease liability of \$5,419,963 which represents the present value of the remaining operating lease payments of \$5,652,377, discounted using the risk-free rate of 1.32%, and an operating right of use asset of \$4,187,872. The difference between the additional lease assets and lease liabilities, was recorded as an adjustment to net position. In addition, CEI recognized a finance right of use asset of \$27,321 and a finance lease liability of \$27,321. Results for periods beginning prior to October 1, 2021, continue to be reported in accordance with CEI's historical accounting treatment.

### 2. Investments

The following table summarizes CEI's investments measured at fair value on a recurring basis as of September 30, 2023:

	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Insurance annuity contracts	\$ 684,990	\$ -	\$ 684,990	\$ -
Certificates of deposit	<u>2,590,790</u>	<u>-</u>	<u>2,590,790</u>	<u>-</u>
Total Investments Carried at Fair Value	<u>\$ 3,275,780</u>	<u>\$ -</u>	<u>\$ 3,275,780</u>	<u>\$ -</u>

## COMPETITIVE ENTERPRISE INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

---

#### 2. Investments (continued)

The insurance contracts are fixed annuities valued based upon published market valuation quotes for the underlying securities held by the annuities and have been classified as Level 2 by CEI. Certificates of deposit are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

#### 3. Property and Equipment

CEI's property and equipment consisted of the following as of September 30, 2023:

Leasehold improvements	\$ 983,556
Computers, website and equipment	590,175
Furniture	<u>232,550</u>
Total Property and Equipment	1,806,281
Less: Accumulated Depreciation and Amortization	<u>(1,379,366)</u>
Property and Equipment, Net	<u>\$ 426,915</u>

Depreciation and amortization expense totaled \$123,958 for the year ended September 30, 2023.

#### 4. Commitments, Risks and Contingencies

##### **Concentration of Credit Risk**

The cash and cash equivalents of CEI are composed of amounts in accounts at various financial institutions. While the amounts, at times, exceed the amount guaranteed by federal agencies and, therefore, bear some risk, CEI has not experienced, nor does it anticipate, any loss of funds.

##### **Operating Lease**

CEI previously entered into a noncancelable operating lease for its current office space in Washington, D.C. that expires November 30, 2027. The lease includes a fixed escalation clause for increases in the annual minimum rent. CEI was also provided with a 16-month rental abatement and an allowance for tenant improvements of up to \$1,411,784, of which up to \$160,430 could either be used for leasehold improvements or applied to the rent balance. Of this amount, CEI used \$1,251,354 for various leasehold improvements and the remaining \$160,430 was applied as a credit against future rental payments.

Rent expense under this lease totaled \$772,726 for the year ended September 30, 2023.

During the year ended September 30, 2023, CEI paid approximately \$880,413 for amounts included in the measurement of the operating lease liability.

## COMPETITIVE ENTERPRISE INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

#### 4. Commitments, Risks and Contingencies (continued)

##### **Operating Lease (continued)**

CEI has recorded the right of use asset, net of lease incentives, and lease obligations equal to the present value of the future lease payments due under the terms of the lease, discounted at the risk-free rate of 1.32%.

The following summarizes the line items in the statement of financial position for leases at September 30, 2023.

Right of use asset	\$ 2,877,191
Operating lease liability	\$ 3,803,494

As of September 30, 2023, total future minimum lease payments required and future minimum rentals to be received under each of these operating leases were as follows:

For the Years Ending September 30,	
2024	\$ 902,472
2025	925,039
2026	948,222
2027	971,911
2028	<u>165,350</u>
Total	3,912,994
Less present value discount (1.32%)	<u>(109,500)</u>
Lease Liability at September 30, 2023	<u>\$ 3,803,494</u>

##### **Finance Lease**

CEI has a finance lease through August 2027. As of September 30, 2023, the right of use asset recorded under the finance lease was \$20,382, and accumulated depreciation associated with the finance lease was \$6,939.

#### 5. Net Assets With Donor Restrictions

As of September 30, 2023, net assets with donor restrictions were restricted for the following purposes or period:

Asset Forfeiture Reform	\$ 437,961
Eye on FTC	140,929
Center for Advancing Capitalism	98,220
Kevin Williams Project	<u>34,035</u>
Total Net Assets With Donor Restrictions	<u>\$ 711,145</u>

## COMPETITIVE ENTERPRISE INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

---

#### 6. Joint Costs

During the year ended September 30, 2023, CEI incurred joint costs from direct mail campaigns that included both educational materials and fundraising appeals.

These joint costs were allocated as follows for the year ended September 30, 2023:

Fundraising	\$ 202,230
Programs	145,279
General and administrative	<u>47,163</u>
Total Joint Costs of Activities	<u>\$ 394,672</u>

#### 7. Availability and Liquidity

CEI regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. CEI's financial assets available within one year of the statement of financial position date for general expenditures at September 30, 2023, were as follows:

Cash and cash equivalents	\$ 1,155,918
Pledges receivable	1,910,000
Other receivables	10,574
Investments	<u>3,275,780</u>
Total Financial Assets	6,352,272
Less:	
Amounts unavailable for general expenditures due to donor restrictions	<u>(711,145)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 5,641,127</u>

CEI has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of CEI throughout the year. This is done through monitoring and reviewing CEI's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of CEI's cash flow related to CEI's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in fixed income annuities and laddered certificates of deposit. CEI can liquidate its investments at any time, and therefore the investments are available to meet current cash flow needs.

## COMPETITIVE ENTERPRISE INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

---

#### 8. Contributed Services

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Contributed goods and services are recorded in the accompanying statement of activities at their estimated fair value, which is valued at the actual costs of advertising. Contributed goods and services included advertising services in the amount of \$116,344 for the year ended September 30, 2023. All contributed goods and services are related to general and administrative activities. There were no donor-imposed restrictions associated with the donated goods and services.

#### 9. Income Taxes

CEI has been classified as a public charity under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal taxes on income other than net unrelated business income. There was no provision for income tax for CEI for the year ended September 30, 2023, as CEI had no net taxable unrelated business income. CEI reviews and assesses all activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof, to identify any uncertainty in income taxes. For the year ended September 30, 2023, management did not identify any uncertainty in income taxes requiring recognition or disclosure in these financial statements. CEI's tax returns are subject to possible examination by the taxing authorities; however, no examinations are pending or in progress.

#### 10. Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with CEI's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

#### 11. Reclassifications

Certain 2022 items have been reclassified to conform to current year presentation.

#### 12. Subsequent Events

CEI's management has evaluated the effect of subsequent events on the financial statements through February 8, 2024, the date these financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these financial statements.