LIBERTAS INSTITUTE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

As of and for the Year Ended December 31, 2023

Larson
CERTIFIED PUBLIC ACCOUNTANTS

LIBERTAS INSTITUTE

C O N T E N T S

Larson
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Libertas Institute

Opinion

We have audited the accompanying financial statements of **Libertas Institute** (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of **Libertas Institute** (the "Institute") as of December 31, 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. 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 the Institute 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 the Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 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, including omissions, 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 the Institute'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 the Institute'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.

Larson & Company P.C.

Salt Lake City, Utah
May 7, 2024

LIBERTAS INSTITUTE

Statement of Financial Position
As of December 31, 2023

ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,432,108
Promises to give, current	3,117
Crypto assets	624,882
Investments	389,887
Inventories	1,363,502
Prepaid expenses	21,043
Total current assets	4,834,539
Noncurrent assets:	
Property and equipment, net	499,850
Right-of-use asset, operating	2,251,243
Investment in LLC	1,398,384
Total noncurrent assets	4,149,477
Total assets	$ 8,984,016
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 225,086
Accrued liabilities	50,680
Operating lease liabilities, current portion	230,778
Total current liabilities	506,544
Operating lease liabilities, less current portion	2,050,599
Total liabilities	2,557,143
Net assets:	
Without donor restrictions	6,426,873
With donor restrictions	-
Total net assets	6,426,873
Total liabilities and net assets	$ 8,984,016

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

LIBERTAS INSTITUTE

Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
Contributions, fees, and other income:			
Contributions and grants	$ 5,206,822	$ -	$ 5,206,822
Program service revenues	8,613,422	-	8,613,422
Return (loss) on investments, net	618,657	-	618,657
Total contributions, fees, and other income	14,438,901	-	14,438,901
Satisfaction of restrictions	-	-	-
Total contributions, fees, other income and satisfaction of restrictions	14,438,901	-	14,438,901
Expenses:			
Program services	11,113,294	-	11,113,294
Supporting services:			
General and administrative	874,871	-	874,871
Fundraising	942,121	-	942,121
Total expenses	12,930,286	-	12,930,286
Change in net assets	1,508,615	-	1,508,615
Net assets at beginning of year	4,918,258	-	4,918,258
Net assets at end of year	$ 6,426,873	$ -	$ 6,426,873

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

LIBERTAS INSTITUTE

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Programs	General and Administrative	Fundraising	Total Expenses
Expenses:				
Grants awarded	$ 105,000	$ -	$ 22,500	$ 127,500
Salaries and wages	2,029,054	103,300	454,763	2,587,117
Employee benefits	-	48,701	-	48,701
Payroll taxes	156,566	29,183	34,589	220,338
Professional and contractor fees	698,709	192,771	301,919	1,193,399
Advertising and promotion	3,776,503	20,323	11,586	3,808,412
Office expenses	83,144	31,720	8,861	123,725
Information technology	251,974	49,521	68,396	369,891
Royalties	678,634	-	-	678,634
Occupancy	125,013	205,232	-	330,245
Travel	87,280	27,832	9,346	124,458
Conferences, conventions, and meetings	88,505	3,852	5,026	97,383
Payments to affiliates	60,313	-	-	60,313
Depreciation and amortization	-	7,348	-	7,348
Insurance	6,504	45,082	-	51,586
Postage and shipping	907,897	51,456	5,716	965,069
Merchant fees	320,123	5,994		326,117
Printing and publication	1,643,344	19,623	-	1,662,967
Miscellaneous	94,731	32,933	19,419	147,083
Total functional expenses	$ 11,113,294	$ 874,871	$ 942,121	$ 12,930,286

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

LIBERTAS INSTITUTE

Statement of Cash Flows

For the Year Ended December 31, 2023

Cash flows from operating activities:		
Change in net assets	$	1,508,615
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization		7,348
Unrealized loss (gain)		(236,629)
Realized loss (gain)		(388,049)
Change in operating assets and liabilities:		
Promises to give		(3,117)
Inventories		(69,267)
Prepaid expenses		(21,043)
Right-of-use asset, operating		(1,753,343)
Accounts payable		2,047
Accrued liabilities		13,942
Operating lease liabilities		1,773,824
Net cash from operating activities		834,328
Cash flows from investing activities:		
Acquisition of property and equipment		(480,014)
Net proceeds and purchases of investments		(7,175)
Proceeds from sale of crypto assets		568,455
Net cash from investing activities		81,266
Net change in cash and cash equivalents		915,594
Cash and cash equivalents, beginning of year		1,516,514
Cash and cash equivalents at end of year	$	2,432,108

Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	$	-
Income taxes	$	-
Non-cash investing and financing activities:		
Operating lease obligations recorded	$	2,003,305
Operating lease right-of-use assets recorded	$	2,003,305

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

LIBERTAS INSTITUTE

Notes to the Financial Statements
For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Libertas Institute (the "Institute" or "Libertas") is a 501(c)(3) nonprofit entity that was originally founded and incorporated in 2011. The Institute is a public policy and education organization focused on free markets and individual rights. The Institute generates nonpartisan analysis and commentary, conducts investigative research, and publishes educational literature to inform the public about its ideas.

The mission of Libertas is to change hearts, minds, and laws to build a freer society by creating and implementing innovative policy reforms and exceptional educational resources.

By using strategy and persuasive communication to inform the public and educate elected officials, the Institute helps generate the political will to reduce and eliminate barriers that government places in the path of hard-working individuals. The Institute's policy work is primarily focused on reforming state and local laws in Utah, with a secondary emphasis on reform in other states. Libertas partners with like-minded groups and elected officials in these states to help them adopt its model reforms.

The Institute's unique educational materials, such as the Tuttle Twins children's books, are translated into several languages and read by hundreds of thousands of families throughout the world. The Institute's award-winning free market curriculum teaches economics to kids of all ages, and the Children's Entrepreneur Market events provide a direct experience for youth to apply their knowledge and experience the benefits of operating a small business. These and other resources help the rising generation understand and embrace the ideas of a free society.

Basis of Presentation

The Institute prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States of America for nonprofit organizations. The Institute reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

> **Net assets without donor restrictions –** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Institute. These net assets may be used at the discretion of the Institute's management and Board of Trustees.
>
> **Net assets with donor restrictions** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Institute by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("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.

Cash and Cash Equivalents

The Institute considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Promises to Give

Promises to give are recorded at their estimated fair value less an appropriate allowance for uncollectable amounts. Allowances are based on historical experience and management's analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted.

Promises to give due later than one year are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using imputed interest rates applicable to the years in which promises are received. Discounts on promises to give that are measured at present value are amortized between the date the promise to give is initially recognized and the date the cash or other contributed assets are received.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Crypto assets

The Institute holds investments in crypto assets, debt securities, and marketable securities. Crypto assets are measured at their fair market values at each reporting period end on the statement of financial position. The cost basis of the Institute's crypto assets is initially record at the fair value using the U.S. dollar spot price of the related crypto assets at 4:00 p.m., New York time, on the date of receipt. Realized and unrealized gains and losses are reported in the statement of activities as return (loss) on investments.

Investments

The Institute holds investments in debt securities and marketable securities. Investments in debt securities and marketable securities with readily determinable fair values are recorded at fair value. Realized gains and losses, unrealized gains and losses, dividends, and interest are reported in the statement of activities as return (loss) on investments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumption market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entities own assumptions about those that market participants would use in pricing the asset based on the best information available.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs are as follows:

> Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Institute has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
>
> Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
>
> Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Inventories

Inventories consist of books which are available for sale. The inventories are recorded at cost, using the first-in-first-out (“FIFO”) method.

Property and Equipment

Acquisitions of property and equipment in excess of $1,500 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized. Property and equipment are stated at cost, less accumulated depreciation and amortization. If assets are acquired by donation, the assets are initially recognized at estimated fair value at the date of the donation. If a donor stipulates how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation and amortization is computed over the following estimated useful lives using the straight-line method:

Assets	Useful Lives
Leasehold improvements	5 years
Furniture and fixtures	5 to 7 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease Agreements

The Institute leases facilities and equipment for various terms under long-term, noncancelable operating lease agreements. The Institute determines if an arrangement is a lease at inception and begins recording lease activity at the commencement date, which is generally the date in which the Institute takes possession of or controls the physical use of the asset. Right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of lease payments over the lease term. Operating lease expenses are recognized on a straight-line basis over the life of the lease and are typically recognized as lease or rent expense.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Institute estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using a risk-free rate.

ROU assets include amounts for scheduled rent increases and are reduced by the amount of lease incentives. The lease term includes the non-cancellable period of the lease and options to extend or terminate the lease when it is reasonably certain the Institute will exercise those options.

The Institute has elected to account for lease and non-lease components together as a single lease component in the measurement of ROU assets and lease liabilities. Variable lease payments are not included in the measurement of ROU assets and lease liabilities.

The Institute 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.

Investment in LLC

The Institute maintains a non-controlling investment in an LLC. The LLC does not have a quoted price in an active market, nor does it have a readily determinable fair value, and is measured at its original cost. Management performs an evaluation for impairment on the investment in the LLC in accordance with its policies regarding long-lived assets discussed below.

Long-lived Assets

U.S. GAAP requires that long-lived assets be evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairments are present for the year ended December 31, 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and In-kind Donations

Contributions are recorded as donations with or without donor restrictions depending on the existence or nature of donor restrictions. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Donations that are designated for future periods or restricted for a specific purpose are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of restrictions.

Donations of property and equipment and other goods are recorded as support at their estimated fair market value at the date of gift. These donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as net assets with donor restrictions and reclassified to net assets without donor restrictions when placed in service.

Revenue Recognition

The Institute recognizes program service revenue under the core principle of depicting the transfer of promised goods and services to its customers in an amount that reflects the consideration it expects to be entitled. In order to achieve that core principle, the Institute applies the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Institute recognizes revenue when (or as) a performance obligation is satisfied by transferring promised goods or services to a customer. Customers may obtain the control of promised goods or services over time or at a point in time. Program service revenue primarily relates to the sale of the Institute’s educational materials and is recognized at a point in time.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of functional expenses. All direct costs are charged to the applicable functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. The Institute allocates expenses either by time and effort or by square footage depending on the nature of the expense. General and administrative costs include those expenses that are not directly identifiable with any other specific function but to provide for the overall support and direction of the Institute.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising and promotional expenses were $3,808,412 for the year ended December 31, 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Institute qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for federal or state income tax. The Institute remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purposes for which the Institute was granted exempt status.

Management evaluates tax positions taken or expected to be taken in preparation of the Institute's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. The Institute's Returns of Organization Exempt from Income Tax (Form 990) generally remain subject to examination by the Internal Revenue Service for three years after they are filed.

Recently Issued Accounting Pronouncements

In June of 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses*, which requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This requirement eliminates the probable initial recognition threshold in current GAAP which has delayed recognition of credit losses until the loss was probable. Instead, the new treatment will better reflect an entity's current estimate of all expected credit losses. In addition, the new guidance requires that any credit losses on available-for-sale debt securities to be presented as an allowance rather than as a write-down. Initial allowance for credit losses is added to the purchase price rather than reported as a credit loss expense. Subsequent changes in the allowance for credit losses are recorded in credit loss expense. This will allow entities to also record reversals of credit losses in current period net income, whereas the current GAAP prohibits reflecting these improvements in current period earnings. The Institute adopted this new guidance as of January 1, 2023. The adoption of this guidance did not have any material impact to the Institute's financial statements as a whole.

In December of 2023, the FASB issued ASU 2023-08, *Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60) Accounting for and Disclosure of Crypto Asset*, which modified the accounting and disclosure requirements for Crypto Assets. For crypto assets meeting the criteria outlined in the update, an entity is required to subsequently measure such assets at fair value with changes recognized in net income each reporting period. The update requires presentation of (1) crypto assets measured at fair value separately from other intangible assets in the balance sheet and (2) changes from the remeasurement of crypto assets separately from changes in the carrying amounts of other intangible assets in the statement of activities. The update also includes additional disclosure requirements over the entity's crypto asset holdings, including a rollforward, in aggregate, of the activity in crypto asset holdings and disclosures related to the disposal of crypto assets, among others.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2024. Early adoption is permitted for this amendment. The Institute early adopted this new guidance as of January 1, 2023. The adoption of this guidance materially impacted the accounting and disclosures for the Institute. The Institute's beginning balances were updated to reflect the changes in this adoption. However, since prior period financial statements are not presented there are no disclosures related to the adjustment made in the adoption of this standard to beginning balances.

2. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	$ 2,432,108
Promises to give, current	3,117
Crypto assets	624,882
Investments	389,887
Total current financial assets	3,449,994
Less:	
Net assets with donor restrictions	-
Financial assets available to meet general expenditures within one year	$ 3,449,994

As part of the Institute's liquidity management, the Institute invests its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, the Institute invests cash in excess of daily requirements in short-term liquid investments and crypto assets. Such assets are actively traded and readily available should the Institute have the need to use such funds.

3. CRYPTO ASSETS

The following table presents the Institute's crypto assets held as of December 31, 2023:

	Tokens	Cost	Fair Market Value
Bitcoin USD (BTC)	14.78	$ 393,500	$ 624,882
Total	14.78	$ 393,500	$ 624,882

3. CRYPTO ASSETS (Continued)

The following table presents a rollforward of the Institute's crypto asset activities for the year ended December 31, 2023:

Crypto assets, Jan 1	$	630,746
Sales of crypto assets		(568,455)
Realized gains on sales of crypto assets		290,927
Realized losses on sales of crypto assets		(116,385)
Unrealized gain (loss) on crypto assets		388,049
Crypto assets, December 31	$	624,882

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair values of the financial instruments shown in the following table as of December 31, 2023 represent the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. These fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset at the measurement date, the fair value measurement reflects the Institute's judgments about the assumptions that market participants would use in pricing the asset. Those judgments are based on the best information available including expected cash flows, and appropriately risk-adjusted interest rates, and available observable and unobservable inputs.

Assets listed below are measured at fair value during the year ended December 31, 2023 using the market approach. The following table sets forth by level the Institute's financial instruments at fair value as of December 31, 2023:

	Total	Level 1	Level 2	Level 3
Mutual funds	$ 385,195	$ 385,195	$ -	$ -
Exchange traded funds	4,692	4,692	-	-
Crypto assets	624,882	624,882	-	-
Total	$ 1,014,769	$ 1,014,769	$ -	$ -

Investment income (loss) by net asset class for the year ended December 31, 2023 were as follows:

Return on investments, without restriction:		
Interest and dividends	$	12,413
Net realized and unrealized gain (loss)		606,244
Return on investments, unrestricted	$	618,657

5. PROPERTY AND EQUIPMENT, NET

Property and equipment as of December 31, 2023 consisted of the following:

Leashold improvements	$ 480,014
Furniture and fixtures	36,910
	516,924
Accumulated depreciation and amortization	(17,074)
Total property and equipment, net	$ 499,850

Depreciation expense for the year ended December 31, 2023 was **$7,348**.

6. LEASES

The Institute leases certain office facilities and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2033 and certain of the leases provide for renewal options. The agreements generally require the Institute to pay real estate taxes, insurance, and repairs.

Total lease costs for the year ended December 31, 2023, were $304,815.

The following table summarizes the supplemental cash flow information for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows used for operating leases	$ 284,332
Right-of-use assets obtained in exchange for lease liabilities:	
Operating leases	$ 2,003,305

The following table summarizes the weighted-average remaining lease term and weighted-average discount rate used as of December 31, 2023:

Weighted-average remaining lease term	
Operating leases	8.7 years
Weighted-average discount rate	
Operating leases	3.62%

6. LEASES (Continued)

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

For the years ending December 31,	
2024	$ 308,879
2025	275,846
2026	284,121
2027	292,645
2028	301,424
Thereafter	1,231,922
Total lease payments	2,694,837
Less: present value discount	(413,460)
Present value of lease liabilities	$ 2,281,377

7. RETIREMENT PLAN

The Institute sponsors a 403(b) plan (the "Plan"). Under the Plan, eligible employees may elect to contribute up to 100% of their salaries, limited to the maximum allowable amounts specified in the IRS Regulations. The Institute matches 100% of the first 3% contributed to the Plan and 50% of contributions between 3% and 5%. The amount contributed to the Plan by the Institute for the year ended December 31, 2023 was $34,600.

8. CONCENTRATIONS OF CREDIT AND MARKET RISK

The Institute maintains its cash and cash equivalent balances at financial institutions located in the Salt Lake and Utah County areas. The deposits at times may exceed their federally insured limits of $250,000 established by the Federal Deposit Insurance Corporation. The Institute has not experienced any losses related to its accounts and believes it is not exposed to any significant credit risk on these balances.

The Institute maintains accounts with a brokerage firm. The accounts contain cash and securities. The balances are insured by the Securities Investors Protection Corporation up to $500,000 with a $250,000 limit for cash claims. Due to the level of risk associated with investment securities, changes are likely to occur in the near term and such changes could materially affect the amounts reported in the financial statements.

9. RELATED PARTY TRANSACTIONS

The Institute has transactions with entities related to board members and certain employees at the institute. The Institute's Investment in LLC is an investment in Tuttle Twins Show, LLC that is considered to be a related party. The total investment in this related party was valued at $1,398,384 as of December 31, 2023 and is valued at cost.

The Institute also has transactions with Tuttle Twins Holding Company, LLC which is considered a related party. The Institute made royalty payments to the entity that totaled approximately $680,000 for the year ended December 31, 2023.

The Institute has marketing expenses with an entity that is owned by board members. Total expenses were $15,000 during the year ended December 31, 2023.

The Institute may also receive contributions from board members or entities owned by or directly affiliated with board members.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through the date of the independent auditor's report, which is the date the financial statements were available to be issued.