



Financial and Economic
Knowledge for Life

Educating Today, Shaping Tomorrow

FROM: The Council for Economic Education
RE: 2022 Audited Financial Statements

The Council for Economic Education's (CEE's) financial position remains solid at the end of Fiscal Year 2022 with financial assets of \$1.6M available for general expenditures and short-term obligations. A modest decrease in Net Assets of \$494k primarily reflects increased spending of restricted grant funds for program delivery. CEE's second round of PPP loans was forgiven and recognized as revenue in fiscal year 2022. CEE ended the year with launched 100 new or updated teacher resources in 2022. CEE ended the year with a surplus of \$61K before depreciation and a deficit of \$16K after depreciation.

CEE successfully continued its delivery of programs to teachers, students, and families with many being able to resume in person in addition to continuing with virtual options. The organization increased its advocacy efforts and visibility through the launch of its bi-annual Survey of the States, the creation of the FinEd50 advocacy coalition, advocacy efforts in Pennsylvania and New York, and increased professional development for K-12 teachers in Florida. EconEdLink.org, CEE's K-12 educator site for online resources, had over 500,000 visitor sessions and launched 100 new or updated teacher resources in 2022.

At year-end Total Assets were \$5.6M and Total Liabilities were \$1.4M. Both Assets and Liabilities include entries reflecting the new lease guidance that was implemented in Fiscal year 2022; the guidance set forth that all leases should be recognized as an asset and corresponding liability on the statements of financial position. CEE has leased assets of \$912k with a corresponding lease liability of \$994k.

CEE is pleased to report that Program spending for the year represented 77% or \$5.6M of all expenses incurred, up from 71% in the prior year. Fundraising expenses were 12% and Management and General expenses were 11% of total expenses.

The audit had a clean, unmodified opinion, as it has since 2011.

Council for Economic Education

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

December 31, 2022 and 2021

Council for Economic Education

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Independent Auditor's Report

To the Board of Directors
Council for Economic Education

Opinion

We have audited the financial statements of Council for Economic Education, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Council for Economic Education as of December 31, 2022 and 2021, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Council for Economic Education 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.

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 Council for Economic Education's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council for Economic Education'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 Council for Economic Education'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 audits.

CohnReznick LLP

New York, New York
August 2, 2023

Council for Economic Education

**Statements of Financial Position
December 31, 2022 and 2021**

Assets

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,361,023	\$ 4,119,594
Accounts receivable, net of allowance for doubtful accounts of \$0 in 2022 and 2021	41,253	84,019
Contributions receivable, net of allowance for doubtful accounts of \$1,000 in 2022 and 2021	1,202,647	919,077
Prepaid expenses and other assets	241,445	207,833
Publications inventory, net of reserve for obsolescence of \$12,000 in 2022 and 2021	69,670	98,771
Investments	1,674,728	21,541
Restricted investments	56,076	56,057
Fixed assets, net	80,027	128,493
Operating lease assets	<u>912,378</u>	<u>-</u>
 Total assets	 <u>\$ 5,639,247</u>	 <u>\$ 5,635,385</u>

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 369,886	\$ 408,031
Loan payable	-	371,960
Deferred rent	-	80,266
Deferred revenue	10,299	27,499
Operating lease liabilities	993,663	-
Finance lease liabilities	22,421	-
Capital lease obligations	<u>-</u>	<u>10,647</u>
 Total liabilities	 <u>1,396,269</u>	 <u>898,403</u>
 Commitments and contingencies		
Net assets		
Without donor restrictions	1,563,398	1,579,837
With donor restrictions	<u>2,679,580</u>	<u>3,157,145</u>
 Total net assets	 <u>4,242,978</u>	 <u>4,736,982</u>
 Total liabilities and net assets	 <u>\$ 5,639,247</u>	 <u>\$ 5,635,385</u>

See Notes to Financial Statements.

Council for Economic Education

**Statements of Activities and Changes in Net Assets
Years Ended December 31, 2022 and 2021**

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions	\$ 1,148,959	\$ 3,628,768	\$ 4,777,727	\$ 1,195,557	\$ 3,715,735	\$ 4,911,292
Conference registrations and exhibitor fees	89,042	-	89,042	32,334	-	32,334
Educational materials and services	358,451	-	358,451	372,756	-	372,756
Special event revenue, net of direct costs of \$177,976 in 2022 and \$87,715 in 2021	382,623	-	382,623	472,145	-	472,145
Affiliate dues	26,750	-	26,750	29,250	-	29,250
Royalty and license fees	390,815	-	390,815	337,637	-	337,637
Other income	647,724	-	647,724	654,429	-	654,429
Interest and dividends	8,731	-	8,731	6,731	-	6,731
Net assets released from restrictions	4,106,333	(4,106,333)	-	2,638,188	(2,638,188)	-
Total support and revenue	<u>7,159,428</u>	<u>(477,565)</u>	<u>6,681,863</u>	<u>5,739,027</u>	<u>1,077,547</u>	<u>6,816,574</u>
Expenses						
Program services						
Core programs	4,752,791	-	4,752,791	3,482,852	-	3,482,852
Other	807,995	-	807,995	524,082	-	524,082
Total program services	<u>5,560,786</u>	<u>-</u>	<u>5,560,786</u>	<u>4,006,934</u>	<u>-</u>	<u>4,006,934</u>
Support services						
Management and general	762,609	-	762,609	731,798	-	731,798
Fundraising	852,472	-	852,472	871,191	-	871,191
Total support services	<u>1,615,081</u>	<u>-</u>	<u>1,615,081</u>	<u>1,602,989</u>	<u>-</u>	<u>1,602,989</u>
Total expenses	<u>7,175,867</u>	<u>-</u>	<u>7,175,867</u>	<u>5,609,923</u>	<u>-</u>	<u>5,609,923</u>
Change in net assets	(16,439)	(477,565)	(494,004)	129,104	1,077,547	1,206,651
Net assets, beginning	<u>1,579,837</u>	<u>3,157,145</u>	<u>4,736,982</u>	<u>1,450,733</u>	<u>2,079,598</u>	<u>3,530,331</u>
Net assets, end	<u>\$ 1,563,398</u>	<u>\$ 2,679,580</u>	<u>\$ 4,242,978</u>	<u>\$ 1,579,837</u>	<u>\$ 3,157,145</u>	<u>\$ 4,736,982</u>

See Notes to Financial Statements.

Council for Economic Education

**Statement of Functional Expenses
Year Ended December 31, 2022**

	<u>Core programs</u>	<u>Other programs</u>	<u>Total program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Direct costs - special event</u>	<u>Total support services</u>	<u>Total</u>
Salaries	\$ 1,831,210	\$ 282,206	\$ 2,113,416	\$ 312,409	\$ 540,563	\$ -	\$ 852,972	\$ 2,966,388
Payroll tax and fringe benefits	377,095	57,868	434,963	52,428	114,320	-	166,748	601,711
Occupancy	222,530	25	222,555	14,253	31,960	-	46,213	268,768
Depreciation and amortization	69,323	-	69,323	8,305	-	-	8,305	77,628
Professional fees and consultants	1,140,251	154,635	1,294,886	240,123	90,070	-	330,193	1,625,079
Travel	129,370	7,349	136,719	2,799	4,673	805	8,277	144,996
Sub-grant expenses	446,058	-	446,058	-	-	-	-	446,058
Insurance	13,761	-	13,761	1,341	1,971	-	3,312	17,073
Bad debt	16	-	16	36,073	-	-	36,073	36,089
Cost of goods sold	48,513	-	48,513	-	-	-	-	48,513
Events expense	259,530	185,199	444,729	8,663	15,609	166,882	191,154	635,883
Printing	3,026	904	3,930	3,504	9,258	9,818	22,580	26,510
Repairs and maintenance	-	-	-	3,270	-	-	3,270	3,270
Supplies	34,172	2,135	36,307	10,882	280	392	11,554	47,861
Teacher training	135	29,086	29,221	-	-	-	-	29,221
Miscellaneous	177,801	88,588	266,389	68,559	43,768	79	112,406	378,795
Total	4,752,791	807,995	5,560,786	762,609	852,472	177,976	1,793,057	7,353,843
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	(177,976)	(177,976)	(177,976)
Total expenses	\$ 4,752,791	\$ 807,995	\$ 5,560,786	\$ 762,609	\$ 852,472	\$ -	\$ 1,615,081	\$ 7,175,867

See Notes to Financial Statements.

Council for Economic Education

Statement of Functional Expenses Year Ended December 31, 2021

	Core programs	Other programs	Total program services	Management and general	Fundraising	Direct costs - special event	Total support services	Total
Salaries	\$ 1,344,753	\$ 213,731	\$ 1,558,484	\$ 247,739	\$ 580,764	\$ -	\$ 828,503	\$ 2,386,987
Payroll tax and fringe benefits	254,693	40,918	295,611	47,550	116,176	-	163,726	459,337
Occupancy	209,359	304	209,663	16,479	52,022	-	68,501	278,164
Depreciation and amortization	72,530	-	72,530	7,751	-	-	7,751	80,281
Professional fees and consultants	766,974	218,519	985,493	341,806	26,357	67,388	435,551	1,421,044
Travel	7,836	-	7,836	564	5,400	-	5,964	13,800
Sub-grant expenses	412,270	-	412,270	-	-	-	-	412,270
Insurance	13,071	-	13,071	1,050	3,313	-	4,363	17,434
Bad debt	22	-	22	43,940	-	-	43,940	43,962
Cost of goods sold	52,744	-	52,744	-	-	-	-	52,744
Events expense	153,859	6,603	160,462	2,033	41,441	12,954	56,428	216,890
Printing	18,114	-	18,114	631	9,594	5,560	15,785	33,899
Repairs and maintenance	140	95	235	126	-	-	126	361
Supplies	19,507	54	19,561	6,944	430	-	7,374	26,935
Teacher training	4,758	-	4,758	-	-	-	-	4,758
Miscellaneous	152,222	43,858	196,080	15,185	35,694	1,813	52,692	248,772
Total	3,482,852	524,082	4,006,934	731,798	871,191	87,715	1,690,704	5,697,638
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	(87,715)	(87,715)	(87,715)
Total expenses	\$ 3,482,852	\$ 524,082	\$ 4,006,934	\$ 731,798	\$ 871,191	\$ -	\$ 1,602,989	\$ 5,609,923

See Notes to Financial Statements.

Council for Economic Education

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (494,004)	\$ 1,206,651
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	77,628	80,281
Bad debt expense	36,089	43,962
Noncash operating lease costs	241,277	-
Loss on disposal of fixed assets	6,908	-
Gain on extinguishment of capital lease obligation	(10,647)	-
Gain on extinguishment of debt	(371,960)	(358,320)
Net realized and unrealized gain on investments	(8,763)	(1,635)
Donated investments	(29,204)	(32,876)
Proceeds from sale of donated investments	55,526	51,216
Interest and dividends from restricted investments	(19)	(90)
Changes in operating assets and liabilities		
Accounts receivable	6,677	(64,650)
Contributions receivable	(283,570)	226,558
Prepaid expenses and other assets	(33,612)	(38,293)
Publications inventory	29,101	(13,232)
Accounts payable and accrued expenses	(38,145)	64,543
Operating lease liabilities	(240,258)	-
Deferred rent	-	5,702
Deferred revenue	(17,200)	4,716
	<u>(1,074,176)</u>	<u>1,174,533</u>
Net cash (used in) provided by operating activities		
Cash flows from investing activities		
Purchase of investments	(1,670,746)	-
Purchase of fixed assets	(12,646)	-
	<u>(1,683,392)</u>	<u>-</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	-	371,960
Principal payments made on finance leases	(1,003)	-
Principal payments made on capital lease obligations	-	(4,913)
	<u>(1,003)</u>	<u>367,047</u>
Net cash (used in) provided by financing activities		
Net (decrease) increase in cash and cash equivalents	(2,758,571)	1,541,580
Cash and cash equivalents, beginning	<u>4,119,594</u>	<u>2,578,014</u>
Cash and cash equivalents, end	<u>\$ 1,361,023</u>	<u>\$ 4,119,594</u>

Council for Economic Education
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 228	\$ -
Supplemental disclosure of noncash investing and financing activities		
Forgiveness of debt	\$ 371,960	\$ 358,320
Gain on extinguishment of capital lease obligation	\$ 10,647	\$ -
Assets acquired under finance lease	\$ 23,424	\$ -

See Notes to Financial Statements.

Council for Economic Education

Notes to Financial Statements December 31, 2022 and 2021

Note 1 - Organization

The Council for Economic Education ("CEE") was incorporated in 1949 in the District of Columbia as a not-for-profit organization.

CEE's mission is to teach K-12 students about economics and personal finance so that they can make better decisions for themselves, their families, and their communities.

We carry out our mission by providing resources and training to K-12 educators and have done so for almost 75 years. All resources and programs are developed by educators and delivered by our nearly 200 affiliates across the country in every state. EconEdLink, our free online gateway for economic and personal finance lessons and resources for educators, attracts over 500,000 unique visitors per year. Through our student-facing programs, including Invest in Girls, the National Personal Finance Challenge, and the National Economics Challenge, CEE continues to inform, motivate, and inspire young minds across the country.

We also advocate for more and better education in personal finance and economics, primarily through the biennial Survey of the States.

Following is a brief description of CEE's major program services:

Core

CEE's programs improve kindergarten through grade 12 economic and financial education by providing teacher professional development and engaging, interactive resources that align to state and national standards. Several programs are also provided directly to students and their families. CEE's efforts include the following activities:

- Conduct educator professional development, online and offline
- Create and provide K-12 lessons, tools, and curriculum
- Conduct programs for female high school students
- Conduct the National Economics and National Personal Finance Challenges
- Produce and support standards and assessment
- Advocate for personal finance and economic education
- Bestow teacher awards

Other program services

CEE's other program services for the years ended December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Technology	\$ 47,657	\$ 37,016
Marketing and communications	760,338	487,066
Total	<u>\$ 807,995</u>	<u>\$ 524,082</u>

Council for Economic Education

Notes to Financial Statements December 31, 2022 and 2021

Technology program services allow CEE the ability to more effectively provide virtual programs and events to teachers, students, and families. These core audiences for CEE can participate in this programming live, or choose to participate and learn asynchronously at a time and place convenient for them, allowing CEE to increase their reach and effectiveness.

Marketing and communications drive awareness of and participation in CEE's programmatic efforts for teachers, students, and families. Marketing and communications also include advocacy efforts to increase states' requirements in personal finance and economic education, resulting in increased access to these important topics for K-12 students.

CEE has been classified as a 501(c)(3) organization and is exempt from federal income taxes under Section 501(a) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Additionally, CEE has been classified as an organization which is not a private foundation under Section 509(a)(2).

CEE's primary source of revenue is from grants, philanthropic contributions and educational materials and services.

Note 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 statements of financial position date, comprise the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,361,023	\$ 4,119,594
Accounts receivable, net	41,253	84,019
Contributions receivable, net	1,202,647	919,077
Investments	<u>1,674,728</u>	<u>21,541</u>
Total financial assets	4,279,651	5,144,231
Less: amounts not available for general expenditures within one year due to donor-imposed restrictions	<u>(2,679,580)</u>	<u>(3,157,145)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,600,071</u>	<u>\$ 1,987,086</u>

CEE has access to a line of credit which can be used for unanticipated liquidity needs. As of December 31, 2022 and 2021, there are no borrowings under this line of credit (see Note 9). CEE's practice is to structure its financial assets to be available as its general expenses, liabilities, and obligations come due. In addition to financial assets available to meet general expenditures over the next year, CEE operates with a balanced budget and anticipates collecting sufficient revenue and annual support contributions to cover general expenditures.

Council for Economic Education

Notes to Financial Statements December 31, 2022 and 2021

Note 3 - Summary of significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accompanying financial statements reflect only the accounts of CEE (considered the national office) and do not include the financial position, changes in net assets and cash flows of affiliated state councils, which are not controlled by CEE, as such entities do not meet the consolidation criteria established by GAAP.

Classification of net assets

Net assets, revenue and releases from restriction are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of CEE and the changes therein are classified and reported in two categories of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions, including the net investment in fixed assets, gifts with no donor restriction and current funds without donor restriction.

Net assets with donor restrictions - Net assets that are restricted by a donor for use for a specific purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed.

Also included in this category are net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of CEE.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. The most significant estimates relate to the useful lives assigned to furniture and equipment, reserves for inventory obsolescence and allowances for potentially uncollectible receivables. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

CEE considers all highly liquid financial instruments with original maturities of three months or less when purchased to be cash equivalents. CEE places its temporary cash investments with high-credit quality financial institutions. Cash and cash equivalents held by CEE's investment managers are included as investments.

Publications inventory

Publications inventory is stated at the lower of weighted-average cost or market value, less an estimated reserve for obsolete and slow-moving items. It represents the value of sellable books, excluding both promotional items, as well as educational materials paid for by restricted funds, which were both expensed at the time of production.

Council for Economic Education

Notes to Financial Statements December 31, 2022 and 2021

Investments and restricted investments

CEE records its investments at fair value with changes in the fair value of investments recorded in the statements of activities and changes in net assets. Investment income or loss (including gains and losses on investments, interest and dividends, and direct investment expenses) is included in the statements of activities and changes in net assets as increases or decreases in net assets without restriction unless the income or loss is restricted by donor or law. Realized gains or losses are recognized on the specific identification method. Restricted investments represent amount pledged for a letter of credit associated with an operating lease held by CEE (see Note 11).

Fixed assets

Furniture and equipment are carried at original cost (or fair value, if donated), provided the respective asset cost is \$5,000 or more and its useful life exceeds three years. Such assets are depreciated over their estimated useful lives, which range from three to 10 years, using the straight-line method. Leasehold improvements and capital lease equipment are amortized over the lesser of the estimated useful lives of the asset or term of the respective lease.

Revenue recognition

Transactions where the resource provider often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where CEE has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if CEE fails to overcome the barrier. CEE recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Council for Economic Education

Notes to Financial Statements December 31, 2022 and 2021

Revenue is recognized when control of the promised goods or services is transferred to CEE's customers, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Education materials and services revenue is recognized when the materials are delivered to the customer. Royalty and license fees revenue arise from licensing of CEE's name, logo, and other intellectual property and is recognized when usage occurs.

Revenue and expenses incurred relative to special events are recognized upon occurrence of the respective event. CEE reports gifts of cash and other assets as with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. Contributions receivables are recognized when such promises are received.

Contributed goods and services

Contributed goods and services are recorded based on their estimated fair market value at date of receipt. During the years ended December 31, 2022 and 2021, CEE did not receive donated goods or services; however, CEE received donated marketable securities of \$29,204 and \$32,876 as of December 31, 2022 and 2021, respectively.

CEE receives donated volunteer services. The value of the volunteer services is not recognized in the accompanying financial statements as they do not meet the criteria for recognition.

Functional allocation of expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated between program services and support services based on an analysis of personnel time and space utilized for the related activities.

Income taxes

CEE is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes is included in CEE's financial statements. CEE has no unrecognized tax benefits at December 31, 2022 and 2021. CEE's federal and state income tax returns prior to fiscal year 2019 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, CEE will recognize interest and penalties associated with tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position. There were no interest or penalties paid for the years ended December 31, 2022 and 2021. Management has analyzed the tax positions taken by CEE and has concluded that, as of December 31, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

New accounting pronouncements

CEE adopted Accounting Standards Update 2016-02 (as amended), *Leases* ("Topic 842") on January 1, 2022. Topic 842 requires lessees to recognize a right-of-use asset and a corresponding lease liability for most leases. CEE elected and applied the following transition practical expedients when initially adopting Topic 842:

- To apply the provisions of Topic 842 at the adoption date, instead of applying them to the earliest comparative period presented in the financial statements.

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- The package of practical expedients permitting CEE to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.
- To apply a risk-free rate for leases that do not have an implicit rate.

CEE recognized the following as of the adoption date in connection with transitioning to Topic 842:

	<u>As of January 1, 2022</u>
Operating lease assets	\$ 1,153,655
Operating lease liabilities	\$ 1,233,921

CEE's adoption of Topic 842 also resulted in a decrease of \$80,266 in deferred rent, which amount was reclassified to operating lease assets at adoption. The adoption of Topic 842 did not have a material impact on CEE's change in net assets for the year ended December 31, 2022.

CEE presents its right-of-use assets and lease liabilities for operating leases separately on its statements of financial position. Further, CEE includes its right-of-use assets for finance leases within fixed assets, net and the corresponding finance lease liabilities separately in its statements of financial position. See Note 7 regarding CEE's right-of-use assets for finance leases and Note 11 regarding its right-of-use assets for operating leases and lease liabilities.

Subsequent events

CEE has evaluated subsequent events through August 2, 2023, which is the date the financial statements were available to be issued.

Note 4 - Concentrations of credit risk

Financial instruments that potentially subject CEE to concentrations of credit risk consist principally of cash and cash equivalents, accounts, and contributions receivable. At times during the year, CEE's cash balances may exceed the limits of Federal Deposit Insurance Corporation insurance coverage. CEE monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

Accounts and contributions receivable credit risk is limited due to the nature of the receivables. CEE regularly monitors its receivables and establishes an allowance account for those amounts that are not deemed collectible.

Note 5 - Contributions receivable, net

Contributions receivable due in more than one year have been discounted to their present value using a discount rate of approximately 3% as of December 31, 2022. There were no contributions receivables due in more than one year as of December 31, 2021.

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Contributions receivable are estimated to be collected as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 966,224	\$ 920,077
In one to five years	<u>244,688</u>	<u>-</u>
Total contributions receivable	1,210,912	920,077
Less:		
Allowance for doubtful accounts	1,000	1,000
Discount to present value	<u>7,265</u>	<u>-</u>
Contributions receivable, net	<u>\$ 1,202,647</u>	<u>\$ 919,077</u>

Note 6 - Investments, restricted investments, and fair value measurements

CEE values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, CEE utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considering counterparty credit risk in its assessment of fair value.

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Financial assets carried at fair value at December 31, 2022 and 2021 are classified in the table below in one of the three categories described above:

	2022			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ -	\$ 56,076	\$ -	\$ 56,076
Government money market fund	1,004,285	-	-	1,004,285
US Treasury bills	670,443	-	-	670,443
Total	\$ 1,674,728	\$ 56,076	\$ -	\$ 1,730,804

	2021			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ -	\$ 56,057	\$ -	\$ 56,057
Common stock	21,541	-	-	21,541
Total	\$ 21,541	\$ 56,057	\$ -	\$ 77,598

Investments in U.S. Treasury bills, money market funds, and common stock are valued using market prices on active markets ("Level 1"). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Investments in certificates of deposit are designated as Level 2 instruments and valuations are obtained from readily available pricing sources of comparable instruments.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CEE 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.

Note 7 - Fixed assets, net

Fixed assets, net at December 31, 2022 and 2021 consisted of the following:

	Estimated useful lives	2022	2021
Office furniture and equipment	3 - 5 years	\$ 611,073	\$ 600,800
Leasehold improvements	10 years	23,521	23,521
Total		634,594	624,321
Less accumulated depreciation and amortization		(554,567)	(495,828)
Total		\$ 80,027	\$ 128,493

Office furniture and equipment includes finance lease right-of-use assets of \$23,424 as of December 31, 2022 and capital lease assets of \$25,797 as of December 31, 2021. See Note 11 regarding CEE's leases.

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Depreciation and amortization expense for the years ended December 31, 2022 and 2021 totaled \$77,628 and \$80,281, respectively.

Note 8 - Net assets with donor restrictions

At December 31, 2022 and 2021, net assets with donor restrictions were restricted for the following purpose or periods:

	2022	2021
Digital transformation	\$ 23,153	\$ 349,704
Family financial literacy nights	13,431	273,998
Invest in girls	910,215	888,214
National personal finance challenge	245,443	-
Professional development	1,030,315	1,134,906
Resources and curriculum	213,226	9,378
Student competition	-	355,173
Advocacy	122,220	-
Teacher awards	46,072	47,071
All other with time and program restrictions	75,505	98,701
Total	<u>\$ 2,679,580</u>	<u>\$ 3,157,145</u>

Net assets released from donor restrictions for the years ended December 31, 2022 and 2021 were released by incurring expenses satisfying the program restrictions and/or the expiration of time restrictions specified by the donors.

Note 9 - Line of credit

In January 2016, CEE established a \$1,000,000 unsecured, revolving line of credit with a financial institution. On December 16, 2022, the revolving line of credit was reduced to \$750,000. Interest is payable monthly on outstanding balances based on an adjusted SOFR rate equal to 3.972% for 2022 and based on an adjustable rate equal to LIBOR plus 4.9% for 2021. At December 31, 2022 and 2021, there were no outstanding balances or related interest expense on this line of credit.

Note 10 - Employee benefit plan

CEE maintains a 401(k) profit sharing plan which covers substantially all employees. The plan provides for a matching contribution by CEE equal to 100% of an employee's deferral contribution, up to 3% of their compensation for the plan year, plus an additional 50% match for each additional percentage up to 5%.

Contributions to the plan for the years ended December 31, 2022 and 2021 amounted to \$82,373 and \$81,569, respectively.

Note 11 - Leases

CEE leases building space and office equipment. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

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Notes to Financial Statements December 31, 2022 and 2021

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

CEE determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable, as a practical expedient, CEE elected to use the risk-free rate for leases related to building space and office equipment.

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

CEE amended its lease in January 2019, with CEE relocating to a smaller space within the same building and extending the term of the lease for an additional period of seven years and three months. Rental payments on the lease provide for fixed minimum payments that increase over the lease term at predetermined amounts. Additionally, the amended lease modified CEE's letter of credit facility in lieu of security deposit for its new space to \$94,538. During 2020, the letter of credit facility was further reduced to \$55,967. In connection with this letter of credit, which was not drawn at December 31, 2022 and 2021, CEE pledged a certificate of deposit that required a minimum amount to be held as security totaling \$55,967. As of December 31, 2022 and 2021, the balance held in the pledged certificate of deposit was \$56,076 and \$56,057, respectively, and is reflected as restricted investments in the accompanying statements of financial position.

Rent expense related to the office space was \$239,831 and \$239,829 for the years ended December 31, 2022 and 2021, respectively, and is reflected as occupancy expenses in the accompanying statements of functional expenses. Utilities expense related to the office space was \$11,231 and \$18,247 for the years ended December 31, 2022 and 2021, respectively, and is reflected as occupancy expenses in the accompanying statements of functional expenses.

Equipment leases have lease terms of five years. Rental payments on these leases typically provide for fixed payments that increase over the lease term at predetermined amounts, are included in the measurement of lease payments, and are therefore included in the measurement of lease liabilities.

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**Notes to Financial Statements
December 31, 2022 and 2021**

The components of CEE's finance lease cost for the year ended December 31, 2022 are as follows:

Amortization expense	\$	1,107
Interest expense		<u>228</u>
Total finance lease cost	\$	<u><u>1,335</u></u>

Supplemental cash flow information related to CEE's leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities		
Operating leases	\$	253,797
Finance leases	\$	1,231
Right-of-use assets obtained in exchange for lease liabilities		
Finance leases	\$	23,424

Weighted average remaining lease term and weighted average discount rate for CEE's leases as of December 31, 2022:

	<u>Operating leases</u>	<u>Finance leases</u>
Weighted average remaining term (in years)	3.7	5.0
Weighted average discount rate	1.21%	3.84%

Annual maturity analysis of CEE's lease liabilities as of December 31, 2022:

<u>Calendar year</u>	<u>Operating leases</u>	<u>Finance leases</u>
2023	\$ 266,215	\$ 4,920
2024	276,698	4,920
2025	281,932	4,920
2026	191,777	4,920
2027	<u>-</u>	<u>4,920</u>
Total minimum lease payments	1,016,622	24,600
Less: Interest	<u>22,959</u>	<u>2,179</u>
Present value of lease liabilities	<u><u>\$ 993,663</u></u>	<u><u>\$ 22,421</u></u>

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Note 12 - Paycheck Protection Program loan

In 2020, CEE received loan proceeds in the amount of \$358,320 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. In accordance to the promissory note, the PPP loan is payable over two years at an interest rate of 0.98% per annum, with a deferral of payments for six months from the date of the note. On June 9, 2021, CEE was granted forgiveness and legally released from its first PPP loan obligation. Accordingly, CEE recognized \$358,320 of loan forgiveness income as other income on the statements of activities and changes in net assets for the year ended December 31, 2021.

On January 31, 2021, CEE obtained approval for a second PPP loan in the amount of \$371,960. CEE used the second PPP loan proceeds for purposes consistent with the PPP requirements and applied for forgiveness within 10 months after the last day of the covered period. On February 10, 2022, CEE was granted forgiveness and legally released from its second PPP loan obligation. Accordingly, CEE recognized \$371,960 of loan forgiveness income as other income on the statements of activities and changes in net assets for the year ended December 31, 2022.



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