

**Council for Economic Education**

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

**December 31, 2021 and 2020**

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# 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, 2021 and 2020, 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, 2021 and 2020, 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 audit.

*CohnReznick LLP*

New York, New York  
August 22, 2022

**Council for Economic Education**

**Statements of Financial Position  
December 31, 2021 and 2020**

Assets

	2021	2020
Cash and cash equivalents	\$ 4,119,594	\$ 2,578,014
Accounts receivable, net of allowance for doubtful accounts of \$0 in 2021 and \$5,261 in 2020	84,019	63,331
Contributions receivable, net of allowance for doubtful accounts of \$1,000 in 2021 and \$0 in 2020	919,077	1,145,635
Prepaid expenses and other assets	207,833	169,540
Publications inventory, net of reserve for obsolescence of \$12,000 in 2021 and 2020	98,771	85,539
Investments	21,541	38,246
Restricted investments	56,057	55,967
Fixed assets, net	128,493	208,774
Total assets	\$ 5,635,385	\$ 4,345,046

Liabilities and Net Assets

<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 408,031	\$ 343,488
Loan payable	371,960	358,320
Deferred rent	80,266	74,564
Deferred revenue	27,499	22,783
Capital lease obligations	10,647	15,560
Total liabilities	898,403	814,715
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Without donor restrictions	1,579,837	1,450,733
With donor restrictions	3,157,145	2,079,598
Total net assets	4,736,982	3,530,331
Total liabilities and net assets	\$ 5,635,385	\$ 4,345,046

See Notes to Financial Statements.

**Council for Economic Education**

**Statements of Activities and Changes in Net Assets  
Years Ended December 31, 2021 and 2020**

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions	\$ 1,195,557	\$ 3,715,735	\$ 4,911,292	\$ 1,149,573	\$ 1,937,331	\$ 3,086,904
Conference registrations and exhibitor fees	32,334	-	32,334	47,596	-	47,596
Educational materials and services	372,756	-	372,756	446,969	-	446,969
Special event revenue, net of direct costs of \$87,715 in 2021 and \$87,489 in 2020	472,145	-	472,145	296,135	-	296,135
Affiliate dues	29,250	-	29,250	16,500	-	16,500
Royalty and license fees	337,637	-	337,637	191,546	-	191,546
Other income	654,429	-	654,429	81,551	-	81,551
Interest and dividends	6,731	-	6,731	24,644	-	24,644
Net assets released from restrictions	2,638,188	(2,638,188)	-	2,332,263	(2,332,263)	-
<b>Total support and revenue</b>	<b>5,739,027</b>	<b>1,077,547</b>	<b>6,816,574</b>	<b>4,586,777</b>	<b>(394,932)</b>	<b>4,191,845</b>
Expenses						
Program services						
Core programs	3,482,852	-	3,482,852	3,198,613	-	3,198,613
Other	524,082	-	524,082	331,847	-	331,847
<b>Total program services</b>	<b>4,006,934</b>	<b>-</b>	<b>4,006,934</b>	<b>3,530,460</b>	<b>-</b>	<b>3,530,460</b>
Support services						
Management and general	731,798	-	731,798	700,197	-	700,197
Fundraising	871,191	-	871,191	756,186	-	756,186
<b>Total support services</b>	<b>1,602,989</b>	<b>-</b>	<b>1,602,989</b>	<b>1,456,383</b>	<b>-</b>	<b>1,456,383</b>
<b>Total expenses</b>	<b>5,609,923</b>	<b>-</b>	<b>5,609,923</b>	<b>4,986,843</b>	<b>-</b>	<b>4,986,843</b>
Change in net assets	129,104	1,077,547	1,206,651	(400,066)	(394,932)	(794,998)
Net assets, beginning	1,450,733	2,079,598	3,530,331	1,850,799	2,474,530	4,325,329
Net assets, end	<b>\$ 1,579,837</b>	<b>\$ 3,157,145</b>	<b>\$ 4,736,982</b>	<b>\$ 1,450,733</b>	<b>\$ 2,079,598</b>	<b>\$ 3,530,331</b>

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
<b>Total</b>	<b>3,482,852</b>	<b>524,082</b>	<b>4,006,934</b>	<b>731,798</b>	<b>871,191</b>	<b>87,715</b>	<b>1,690,704</b>	<b>5,697,638</b>
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	(87,715)	(87,715)	(87,715)
<b>Total expenses</b>	<b>\$ 3,482,852</b>	<b>\$ 524,082</b>	<b>\$ 4,006,934</b>	<b>\$ 731,798</b>	<b>\$ 871,191</b>	<b>\$ -</b>	<b>\$ 1,602,989</b>	<b>\$ 5,609,923</b>

See Notes to Financial Statements.

## Council for Economic Education

### Statement of Functional Expenses Year Ended December 31, 2020

	Core programs	Other programs	Total program services	Management and general	Fundraising	Direct costs - special event	Total support services	Total
Salaries	\$ 1,257,973	\$ 159,216	\$ 1,417,189	\$ 326,039	\$ 432,137	\$ -	\$ 758,176	\$ 2,175,365
Payroll tax and fringe benefits	260,438	33,759	294,197	56,352	86,730	-	143,082	437,279
Occupancy	207,780	217	207,997	24,381	46,571	-	70,952	278,949
Depreciation and amortization	73,698	-	73,698	10,220	-	-	10,220	83,918
Professional fees and consultants	636,728	82,777	719,505	256,362	169,613	15,651	441,626	1,161,131
Travel	9,459	-	9,459	1,562	1,104	-	2,666	12,125
Sub-grant expenses	301,770	-	301,770	-	-	-	-	301,770
Insurance	13,075	-	13,075	1,569	3,000	-	4,569	17,644
Bad debt	43	-	43	-	-	-	-	43
Cost of goods sold	56,632	-	56,632	-	-	-	-	56,632
Events expense	132,500	31,089	163,589	4,529	1,582	64,948	71,059	234,648
Printing	7,495	-	7,495	-	4,539	4,931	9,470	16,965
Repairs and maintenance	-	-	-	4,519	-	-	4,519	4,519
Supplies	11,878	700	12,578	2,434	2,021	-	4,455	17,033
Teacher training	900	-	900	-	-	-	-	900
Miscellaneous	228,244	24,089	252,333	12,230	8,889	1,959	23,078	275,411
<b>Total</b>	<b>3,198,613</b>	<b>331,847</b>	<b>3,530,460</b>	<b>700,197</b>	<b>756,186</b>	<b>87,489</b>	<b>1,543,872</b>	<b>5,074,332</b>
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	-	-	-	(87,489)	(87,489)	(87,489)
<b>Total expenses</b>	<b>\$ 3,198,613</b>	<b>\$ 331,847</b>	<b>\$ 3,530,460</b>	<b>\$ 700,197</b>	<b>\$ 756,186</b>	<b>\$ -</b>	<b>\$ 1,456,383</b>	<b>\$ 4,986,843</b>

See Notes to Financial Statements.

**Council for Economic Education**  
**Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 1,206,651	\$ (794,998)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	80,281	83,918
Bad debt expense	43,962	43
Gain on extinguishment of debt	(358,320)	-
Realized and unrealized gain on investments	(1,635)	(2,305)
Donated investments	(32,876)	(77,061)
Proceeds from sale of donated investments	51,216	63,729
Interest and dividends from restricted investments	(90)	(3,245)
Changes in operating assets and liabilities		
Accounts receivable	(64,650)	61,698
Contributions receivable	226,558	270,021
Prepaid expenses and other assets	(38,293)	(25,125)
Publications inventory	(13,232)	10,431
Accounts payable and accrued expenses	64,543	58,849
Deferred rent	5,702	29,200
Deferred revenue	4,716	(55,955)
	1,174,533	(380,800)
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Proceeds from sale of restricted investments	-	227,390
	-	227,390
Net cash provided by investing activities		
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	371,960	358,320
Principal payments made on capital lease obligations	(4,913)	(4,914)
	367,047	353,406
Net cash provided by financing activities		
Net increase in cash and cash equivalents	1,541,580	199,996
Cash and cash equivalents, beginning	2,578,014	2,378,018
Cash and cash equivalents, end	\$ 4,119,594	\$ 2,578,014
Supplemental disclosure of noncash investing and financing activities		
Forgiveness of debt	\$ 358,320	\$ -

See Notes to Financial Statements.

## Council for Economic Education

### Notes to Financial Statements December 31, 2021 and 2020

#### 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 over 70 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 600,000 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, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Technology	\$ 37,016	\$ 42,972
Marketing and communications	<u>487,066</u>	<u>288,875</u>
Total	<u>\$ 524,082</u>	<u>\$ 331,847</u>

## Council for Economic Education

### Notes to Financial Statements December 31, 2021 and 2020

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 statement of financial position date, comprise the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,119,594	\$ 2,578,014
Accounts receivable, net	84,019	63,331
Contributions receivable, net	919,077	1,145,635
Investments	<u>21,541</u>	<u>38,246</u>
Total financial assets	5,144,231	3,825,226
Less amounts not available for general expenditures within one year due to donor-imposed restrictions	<u>(3,157,145)</u>	<u>(2,079,598)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,987,086</u>	<u>\$ 1,745,628</u>

CEE has access to a \$1 million line of credit which can be used for unanticipated liquidity needs. As of December 31, 2021 and 2020, 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, 2021 and 2020

#### 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.

##### **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, 2021 and 2020**

#### **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).

#### **Furniture and equipment**

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.

#### **Deferred rent**

CEE occupies office space under a lease containing escalation clauses and a lease incentive that requires normalization of the rental expense over the life of the lease. This results in deferred rent, which is reflected in the accompanying statements of financial position.

#### **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, 2021 and 2020**

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, 2021 and 2020, CEE did not receive donated goods or services; however, CEE received donated marketable securities of \$32,876 and \$77,061 as of December 31, 2021 and 2020, 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 has no unrecognized tax benefits as of December 31, 2021 and 2020. CEE's federal and state income tax returns prior to fiscal year 2018 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 management and general expenses and include accrued interest and penalties with the related tax liability in the statements of financial position. There were no interest or penalties for the years ended December 31, 2021 and 2020.

#### **Reclassifications**

Certain prior year numbers have been reclassified for consistency with current year presentation.

#### **Subsequent events**

CEE has evaluated subsequent events through August 22, 2022, 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.

## Council for Economic Education

### Notes to Financial Statements December 31, 2021 and 2020

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 0.13% as of December 31, 2020. There were no contributions receivables due in more than one year as of December 31, 2021.

Contributions receivable are estimated to be collected as follows at December 31, 2021 and 2020:

	2021	2020
Within one year	\$ 920,077	\$ 1,060,856
In one to five years	-	85,000
Total contributions receivable	920,077	1,145,856
Less		
Allowance for doubtful accounts	1,000	-
Discount to present value	-	221
Contributions receivable, net	<u>\$ 919,077</u>	<u>\$ 1,145,635</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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### Notes to Financial Statements December 31, 2021 and 2020

Financial assets carried at fair value at December 31, 2021 and 2020 are classified in the table below in one of the three categories described above:

	2021			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 56,057	\$ -	\$ 56,057
Common stock	21,541	-	-	21,541
Total	\$ 21,541	\$ 56,057	\$ -	\$ 77,598
	2020			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 55,967	\$ -	\$ 55,967
Common stock	38,246	-	-	38,246
Total	\$ 38,246	\$ 55,967	\$ -	\$ 94,213

Investments in 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, 2021 and 2020 consisted of the following:

	Estimated useful lives	2021	2020
Office furniture and equipment	3 - 5 years	\$ 600,800	\$ 600,800
Leasehold improvements	10 years	23,521	23,521
Total		624,321	624,321
Less accumulated depreciation and amortization		(495,828)	(415,547)
Total		\$ 128,493	\$ 208,774

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### Notes to Financial Statements December 31, 2021 and 2020

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 totaled \$80,281 and \$83,918, respectively, which \$0 and \$678 is related to the amortization of intangible assets for the years ended December 31, 2021 and 2020, respectively.

#### Note 8 - Net assets with donor restrictions

At December 31, 2021 and 2020, net assets with donor restrictions were restricted for the following purpose or periods:

	2021	2020
Digital transformation	\$ 349,704	\$ 20,682
Family Financial Literacy Nights	273,998	1,476
Invest in Girls	888,214	953,767
National Personal Finance Challenge	-	193,426
Professional development	1,134,906	631,844
Resources and curriculum	9,378	60,000
Student competition	355,173	-
Teacher awards	47,071	95,370
All other with time and program restrictions	98,701	123,033
Total	<u>\$ 3,157,145</u>	<u>\$ 2,079,598</u>

Net assets released from donor restrictions for the years ended December 31, 2021 and 2020 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. Interest is payable monthly on outstanding balances based on an adjustable rate equal to LIBOR plus 4.9% for 2021 and 2020. At December 31, 2021 and 2020, there were no outstanding balances or related interest expense on this line of credit. The line of credit matured on February 1, 2022, and management is currently negotiating another extension with the lender.

#### 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, 2021 and 2020 amounted to \$81,569 and \$69,148, respectively.

## Council for Economic Education

### Notes to Financial Statements December 31, 2021 and 2020

#### Note 11 - Commitments and contingencies

##### Operating leases

Certain of CEE's operating leases contain annual base rental increases. In accordance with GAAP, rent expense is recognized on a straight-line basis, including future base rental increases, over the life of the lease rather than in accordance with the actual lease payments. Deferred rent expense represents the adjustment to future rents as a result of using the straight-line method.

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. 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, 2021 and 2020, CEE pledged a certificate of deposit that required a minimum amount to be held as security totaling \$55,967. As of December 31, 2021 and 2020, the balance held in the pledged certificate of deposit was \$56,057 and \$55,967, respectively, and is reflected as restricted investments in the accompanying statements of financial position.

Minimum noncancelable lease commitments for office facilities exclusive of any future escalation charges, due in each of the five years subsequent to December 31, 2021 are as follows:

2022	\$	238,814
2023		251,231
2024		261,714
2025		266,949
2026		<u>180,777</u>
Total	\$	<u><u>1,199,485</u></u>

Rent expense was \$239,829 and \$239,833 for the years ended December 31, 2021 and 2020, respectively.

#### Note 12 - Risks and uncertainties

The unpredictability and uncertainty of future global events such as the COVID-19 pandemic or the recent turmoil in Europe and the related government regulatory responses, could have a material effect on CEE's business, results of operations, and financial condition. The extent of the impact on CEE's operational and financial performance will depend on certain developments, including the duration and its impacts on CEE's donors and vendors, all of which at present, cannot be determined. CEE is closely monitoring any negative impact to the organization's financial position, results of operations, and cash flows that may occur as a result of these events. The aggregate effect of the financial impact and duration cannot be reasonably estimated at this time.

#### Note 13 - Payment 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

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### **Notes to Financial Statements December 31, 2021 and 2020**

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. Subsequent to December 31, 2021, CEE was granted forgiveness and legally released from its second PPP loan obligation. Accordingly, CEE will recognize \$371,960 of loan forgiveness income for the year ending December 31, 2022.



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