

Guzman & Gray

Certified Public Accountants

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Mark Gray, C.P.A.
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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

May 15, 2018

To the Board of Directors of
Western Economic Association International, Inc.
Fountain Valley, CA

We have audited the financial statements of Western Economic Association International, Inc. (the "Organization") for the years ended December 31, 2017 and 2016, and have issued our report thereon dated May 15, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 18, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

May 15, 2018

Board of Directors of

Western Economic Association International, Inc.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 15, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

May 15, 2018

Board of Directors of

Western Economic Association International, Inc.

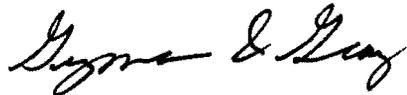
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Other Matters

Matters and recommendations to improve operating procedures and administrative efficiency and to strengthen internal controls are described in the memorandum that accompanies this letter.

This information is intended solely for the use of the Board of Directors and Management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Guzman & Gray".

Guzman & Gray, CPAs

Long Beach, CA

RECOMMENDATIONS TO IMPROVE INTERNAL CONTROLS AND OPERATING PROCEDURES

DOCUMENTATION OF SALARY REVIEW

In the transition between executive directors, we observed that the current executive director's salary was not documented as specifically referring to him within the Organization's minutes. To comply with the Integrity Act, we recommend that salaries of key individuals be documented with a salary survey and that this be documented as reviewed by the board in the minutes.

POLICIES AND PROCEDURES

We recommend that you review the following policies and procedures to update your records to assist in complying with various state and federal regulations:

- Cost allocation plan. The purpose of a cost allocation plan is to summarize the method of allocating costs related to the organization's operations to its program and supporting services classifications.
- Credit card policy. During our audit we noted three people within the Organization have cards with a combined limit of \$30,000. Receipts are generally required and checked by more than one person, but there is no formalized policy regarding its use and restrictions. We recommend the Organization create a written credit card policy, and have it signed and acknowledged by the card holders.

CYBERSECURITY POLICY

We recommend the organization implement a cybersecurity policy that would mitigate the risk of potential loss of revenue or sensitive information to a malicious outside party. An analysis of the company's vulnerabilities may begin with the assistance of a qualified IT specialist and other service providers and intends to bring risk to an acceptable level based on organizational goals and an analysis of the costs versus benefits involved.

WESTERN ECONOMIC ASSOCIATION
INTERNATIONAL

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Western Economic Association International

Report on Financial Statements

We have audited the accompanying financial statements of Western Economic Association International, Inc. (the "Association") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

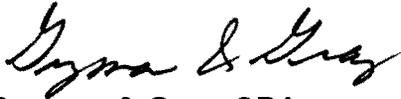
INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017 and 2016, 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.



Guzman & Gray, CPAs
Long Beach, CA
May 15, 2018

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>		December 31,	
		<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	195,103	\$ 146,098
Investments		2,756,063	2,491,514
Subscription receivable		323,119	347,614
Prepays		67,664	49,154
Total Current Assets		<u>3,341,949</u>	<u>3,034,380</u>
FIXED ASSETS, net of			
Accumulated depreciation		<u>36,896</u>	<u>40,374</u>
TOTAL ASSETS	\$	<u>3,378,845</u>	\$ <u>3,074,754</u>
 <u>LIABILITIES AND NET ASSETS</u> 			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$	22,228	\$ 36,036
Unearned membership and subscription revenues		347,083	342,100
Unearned conference revenues		195,327	185,704
Total Current Liabilities		<u>564,638</u>	<u>563,840</u>
NONCURRENT LIABILITIES			
Unearned membership and subscription revenues		<u>15,651</u>	<u>13,823</u>
TOTAL LIABILITIES		<u>580,289</u>	<u>577,663</u>
NET ASSETS			
Unrestricted		<u>2,798,556</u>	<u>2,497,091</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>3,378,845</u>	\$ <u>3,074,754</u>

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	December 31,	
	2017	2016
SUPPORT AND REVENUE		
Individual membership	\$ 74,207	\$ 69,186
Institutional membership	23,150	24,100
Economic Inquiry	388,527	397,178
Contemporary Economic Inquiry	146,812	158,296
Annual conference revenue	261,128	226,339
International conference revenue	104,468	133,410
Total Support and Revenue	998,292	1,008,509
EXPENSES		
General and administrative	199,818	229,013
Membership maintenance and services	61,957	66,832
Graduate student workshop	56,380	45,784
Economic inquiry	219,804	230,796
Contemporary economic policy	136,649	149,982
Annual conference expenses	222,537	246,874
International conference expenses	169,335	159,850
Total Operating Expenses	1,066,480	1,129,131
REVENUE OVER/(UNDER)		
EXPENDITURES FROM OPERATIONS	(68,188)	(120,622)
OTHER REVENUE (EXPENSES)		
Interest and dividends	88,260	92,808
Realized gains	62,453	22,208
Net unrealized gains (losses)	213,836	83,440
Other income	5,104	5,000
Total Other Revenue	369,653	203,456
CHANGE IN NET ASSETS	301,465	82,834
BEGINNING NET ASSETS	2,497,091	2,414,257
ENDING NET ASSETS	\$ 2,798,556	\$ 2,497,091

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 301,465	\$ 82,834
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	30,933	59,251
Unrealized (gains) losses on investments	(213,836)	(83,440)
Realized (gains) losses on investments	(62,453)	(22,208)
(Increase) decrease in assets:		
Subscription receivable	24,495	(24,266)
Prepaid expenses	(18,510)	(11,683)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(13,808)	26,432
Unearned membership and subscription revenues	6,811	23,423
Unearned conference revenues	9,623	2,191
Net Cash From Operating Activities	64,720	52,534
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(27,455)	(14,875)
Purchase of investments/reinvested dividends	(171,272)	(180,353)
Proceeds from sale of investments	183,012	187,550
Net Cash Used by Investing Activities	(15,715)	(7,678)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,005	44,856
BEGINNING CASH AND CASH EQUIVALENTS	146,098	101,242
ENDING CASH AND CASH EQUIVALENTS	\$ 195,103	\$ 146,098

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	NONE	NONE
Income tax paid	NONE	NONE

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1 – ORGANIZATION

Western Economic Association International is a tax-exempt 501(c)(3) organization founded in 1922. Its purposes are to encourage economic research and discussion and to disseminate economic knowledge. It accomplishes this through the publication of journals, *Economic Inquiry* and *Contemporary Economic Policy*, and organizing conferences. Approximately 35% of the journals are being internationally distributed both in print and through electronic access. The Annual Conference is held in the western United States or western Canada. The International Conference, formerly a biennial Pacific Rim Conference, is now held yearly.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis.

Basis of Presentation

The Association reports information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of each of these net assets is as follows:

- Unrestricted net assets – Unrestricted net assets represent net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Association.
- Temporarily restricted net assets – Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.
- Permanently restricted net assets – Permanently restricted net assets are utilized to record resources received that are permanently restricted as to use by the donor or grantor.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

All highly-liquid debt instruments purchased with original maturities of three months or less are considered to be cash equivalents.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments consist of mutual funds stated at fair market value. Net realized and unrealized gains and losses are reflected in the statement of activities. Marketable securities are recorded at cost when purchased and at fair market value at date of gift if donated.

Subscription and Accounts Receivable

Subscriptions receivable represent amounts collected by Wiley-Blackwell under a journal publishing agreement. See Note 6.

The Association uses the allowance method to record doubtful accounts receivable. There was no allowance for the years ended December 31, 2017 and 2016, as management believes all receivables are fully collectible.

Prepaid expenses

Prepaid expenses include prepaid rent for the leased office, expenditures for the International Conference, and other prepaid expenses.

Fixed Assets

Furniture and equipment are carried at cost or, if donated, at the fair market value at date of donation. Depreciation is provided on the straight-line method over estimated useful lives of three to seven years. Software used regarding membership information and conference management is amortized over seven years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repair and maintenance costs are expensed as incurred.

Unearned Revenue

Subscriptions, memberships, and conference revenues received in advance are recognized as revenue during future periods in which they are earned. The unearned revenues represent an obligation to render services during future periods until the subscription or membership term expires or the conference occurs. Membership terms range from one to three year periods. Subscription revenue is recognized ratably over the length of the subscription term and matched against appropriate publication expenses. Annual conference income is recognized in the year in which the conference is held.

Conference Expenses

Each year, the Association hosts two academic conferences — a large Annual Conference as well as a smaller International Conference. Certain management and research expenses are recognized as period expenses in the year incurred. Other conference expenses such as event deposits and travel which are paid in advance are recorded as prepaid expenses and recognized when the conference takes place.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Goods

The Association recognizes the contribution of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized.

Donated goods are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated goods to a specific purpose.

Income Tax Status

The Association is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Association is classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). Income for certain activities not directly related the Association's tax-exempt purpose is subject to unrelated business income taxation.

The Association evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of December 31, 2017, management does not believe the Association has any uncertain tax positions requiring accrual or disclosure. The Association is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers.

The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles of the United States when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months.

Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Association is currently evaluating the impact of the adoption of the new standard on the financial statements.

In August 2016, the FASB released ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The update amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes relate to: (a) presentation of classes of net assets, (b) the presentation of underwater endowment funds and related disclosures, (c) recognition of the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) statement of functional expense, (e) disclosure of quantitative and qualitative information regarding liquidity and availability of resources; and a few smaller items. The ASU is effective for fiscal years beginning after December 15, 2017. The Association is currently evaluating the impact of the adoption of the new standard on the financial statements.

Reporting of Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 15, 2018, the date the financial statements were available to issue.

NOTE 3 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The fair value hierarchy is as follows:

Level 1: Quoted prices in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Inputs that are unobservable and based on the Organization's assumptions, estimates, and internally developed inputs. The fair value hierarchy gives lowest priority to level 3 inputs.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair measurement in its entirety.

Fair values measured on a recurring basis

The carrying values of cash equivalents and investment assets as of December 31, 2017, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & cash equivalents	\$ 195,103			\$ 195,103
Mutual fund investments	2,756,063			2,756,063
	<u>\$ 2,951,166</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,951,166</u>

The carrying values of cash equivalents and investment assets as of December 31, 2016, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & cash equivalents	\$ 146,098			\$ 146,098
Mutual fund investments	2,491,514			2,491,514
	<u>\$ 2,637,612</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,637,612</u>

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 4 – INVESTMENTS

The Association carries investments in marketable securities with readily determinable fair values at their fair values in the statements of financial position. Marketable securities are managed by investment managers and held by a third-party trustee.

For the year ended December 31, 2017, investment assets consist of the following:

	December 31, 2017		
	Fair Market Value	Cost	Unrealized Gain/(Loss)
Mutual funds	\$ 2,756,063	\$ 2,235,951	\$ 520,112

For the year ended December 31, 2016, investment assets consist of the following:

	December 31, 2016		
	Fair Market Value	Cost	Unrealized Gain/(Loss)
Mutual funds	\$ 2,491,514	\$ 2,192,813	\$ 298,701

For the years ended December 31, 2017 and 2016, interest and investment income consisted of the following:

	2017	2016
Interest and dividends	\$ 88,260	\$ 92,808
Realized gains and (losses)	62,453	22,208
Unrealized gains and (losses)	213,836	83,440
Total interest and investment income	\$ 364,549	\$ 198,456

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 5 – FIXED ASSETS, net

For the years ended December 31, 2017 and 2016, fixed assets consist of the following:

	December 31,	
	2017	2016
Furniture and equipment	\$ 41,879	\$ 35,524
Software	275,729	254,629
	<u>317,608</u>	<u>290,153</u>
Less accumulated depreciation	(280,712)	(249,779)
Net	<u>\$ 36,896</u>	<u>\$ 40,374</u>

For the years ended December 31, 2017 and 2016, depreciation and amortization expense was \$30,933 and \$59,251, respectively.

NOTE 6 – PUBLISHING AGREEMENT

The Association renewed its journal publishing agreement with Wiley-Blackwell effective January 2018. Wiley-Blackwell shares the responsibilities for producing, marketing, and distributing the Association's journals. Wiley-Blackwell also collects subscriptions, pays certain expenditures on behalf of the Association, and maintains the accounting for such activities. As of December 31, 2017 and 2016, Wiley-Blackwell held \$323,119 and \$347,614, respectively, in subscriptions collected in advance and fees due.

NOTE 7 – UNEARNED MEMBERSHIP AND SUBSCRIPTION REVENUES

The Association collects membership dues and subscription revenues. As of December 31, 2017 and 2016, current unearned membership and subscription revenues were \$347,083 and \$342,100, respectively. As of December 31, 2017 and 2016, noncurrent unearned membership revenues were \$15,651 and \$13,823, respectively.

NOTE 8 – UNEARNED CONFERENCE REVENUES

The Association organizes and hosts academic conferences. As of December 31, 2017 and 2016, unearned conference revenues were \$195,327 and \$185,704, respectively.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 9 – FUNCTIONAL EXPENSES

The cost of providing various programs and other activities has been summarized on a functional basis as follows:

	December 31,	
	2017	2016
Program Services	\$ 804,705	\$ 833,286
General and Administrative	199,818	229,013
Membership	61,957	66,832
	\$ 1,066,480	\$ 1,129,131

NOTE 10 – RETIREMENT PLAN

The Association provides an Internal Revenue Service Non Contributory Code 403(b) tax shelter annuity for all eligible employees. For the years ended December 31, 2017 and 2016, the Association contributed \$17,430 and \$15,604 to the retirement plan for eligible employees, respectively.

NOTE 11 – OPERATING LEASES

In January 2018, the Association renewed its lease agreement for its office facility for an additional five years. The agreement requires a base rent and CAM costs of \$1,652.80 and is subject to annual increases. For the years ended December 31, 2017 and 2016, rent expense was \$19,325 and \$19,325, respectively.

Future minimum lease payments associated with lease obligations are as follows:

Year Ending December 31,	
2018	\$ 19,791
2019	20,197
2020	20,601
2021	21,013
2022	21,433
Thereafter,	1,789
	\$ 104,824

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 12 – CONCENTRATIONS AND CREDIT RISK

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of December 31, 2017 and 2016, the cash balances held at financial institutions did not exceed the FDIC insurance amount of \$250,000. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences. Investment assets are subject to risk of market fluctuations.

The Association derives its subscription receivable from a contract with Wiley-Blackwell under a journal publishing agreement. See Note 6.

The Association periodically holds conferences in foreign countries which are subject to the world economy. For the years ended December 31, 2017 and 2016, approximately 35% and 48% of the Association's subscriptions are from international sources.

Guzman & Gray

Certified Public Accountants

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Mark Gray, C.P.A.
Patrick S. Guzman, C.P.A.

COMMUNICATION OF NO MATERIAL WEAKNESS

To the Board of Directors and Management of
Western Economic Association International, Inc.
Fountain Valley, CA

In planning and performing our audit of the financial statements of Western Economic Association International, Inc. (the "Organization") as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



Guzman & Gray, CPAs
Long Beach, CA
May 15, 2018