

WESTERN ECONOMIC
ASSOCIATION INTERNATIONAL
FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, 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.

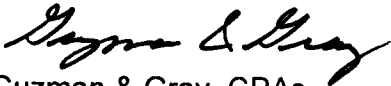
INDEPENDENT AUDITORS' REPORT (Continued)

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, 2018 and 2017, 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, 2019

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	December 31,	
	2018	2017
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 358,780	\$ 195,103
Investments	2,414,524	2,756,063
Subscription receivable	166,252	323,119
Prepays	30,150	67,664
Total Current Assets	2,969,706	3,341,949
FIXED ASSETS, net of		
Accumulated depreciation	37,642	36,896
TOTAL ASSETS	\$ 3,007,348	\$ 3,378,845

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 12,649	\$ 22,228
Unearned membership and subscription revenues	145,574	347,083
Unearned conference revenues	319,247	195,327
Total Current Liabilities	477,470	564,638
NONCURRENT LIABILITIES		
Unearned membership and subscription revenues	15,576	15,651
TOTAL LIABILITIES	493,046	580,289
NET ASSETS		
Without Restrictions	2,514,302	2,798,556
TOTAL LIABILITIES AND NET ASSETS	\$ 3,007,348	\$ 3,378,845

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, 2018 AND 2017

	December 31,	
	2018	2017
SUPPORT AND REVENUE		
Individual membership	\$ 69,482	\$ 74,207
Institutional membership	23,550	23,150
Economic Inquiry	402,761	388,527
Contemporary Economic Inquiry	148,200	146,812
Annual conference revenue	262,681	261,128
International conference revenue	140,659	104,468
Total Support and Revenue	1,047,333	998,292
EXPENSES		
Program	928,604	804,705
General & Administrative	173,701	199,818
Membership	91,003	61,957
Total Operating Expenses	1,193,308	1,066,480
REVENUE OVER/(UNDER) EXPENDITURES FROM OPERATIONS	(145,975)	(68,188)
OTHER REVENUE (EXPENSES)		
Investment return, net	(141,539)	364,549
Other income	3,260	5,104
Total Other Revenue	(138,279)	369,653
CHANGE IN NET ASSETS	(284,254)	301,465
BEGINNING NET ASSETS	2,798,556	2,497,091
ENDING NET ASSETS	\$ 2,514,302	\$ 2,798,556

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (284,254)	\$ 301,465
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	15,546	30,933
Unrealized (gains) losses on investments	299,733	(213,836)
Realized (gains) losses on investments	(76,740)	(62,453)
(Increase) decrease in assets:		
Subscription receivable	156,867	24,495
Prepaid expenses	37,514	(18,510)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(9,578)	(13,808)
Unearned membership and subscription revenues	(201,583)	6,811
Unearned conference revenues	123,920	9,623
Net Cash From Operating Activities	61,425	64,720
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(16,292)	(27,455)
Purchase of investments/reinvested dividends	(95,761)	(171,272)
Proceeds from sale of investments	214,305	183,012
Net Cash Used by Investing Activities	102,252	(15,715)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	163,677	49,005
BEGINNING CASH AND CASH EQUIVALENTS	195,103	146,098
ENDING CASH AND CASH EQUIVALENTS	\$ 358,780	\$ 195,103

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
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program						Supporting			2018
	Grad Student Workshop	Economic Inquiry	CEP	Annual Conference	International Conference	Total	General & Admin	Membership	Total	
Management Services	\$ 9,051	\$ 40,731	\$ 31,238	\$ 24,568	\$ 19,396	\$124,984	\$ 15,517	\$ 14,224	\$ 29,741	\$ 154,725
Staff Services	6,787	41,824	30,292	72,406	26,871	178,180	35,751	38,306	74,057	252,237
Emp. Benefit/403b match							16,463		16,463	16,463
Outside Services	18,898	25,627	22,933	36,464	18,270	122,192	18,307	30,169	48,476	170,668
Office Rent	992	1,983	1,983	3,967	2,975	11,900	3,967	3,967	7,934	19,834
Office Electricity	80	160	160	321	241	962	321	321	642	1,604
Depreciation							15,546		15,546	15,546
Telephone	121	260	260	530	391	1,562	521	521	1,042	2,604
Postage		3,926	2,158	47		6,131	349	110	459	6,590
Other Supplies/Services	119	1,014	1,017	11,436	3,331	16,917	4,108	826	4,934	21,851
Journals		41,721	17,370			59,091				59,091
Elect. Editorial Office		5,416	1,436			6,852				6,852
Typsetting & E-Production		19,019	7,480			26,499				26,499
Wiley Management Fee		60,464	26,348			86,812				86,812
Merchant/Bank Fees							28,772		28,772	28,772
Legal & Accounting							18,858		18,858	18,858
Insurance							7,372		7,372	7,372
Election & Other							326		326	326
Travel & Transportation	27,005	(919)	(919)	21,478	50,903	97,548	7,523		7,523	105,071
Food & Beverage	3,342			51,113	43,154	97,609				97,609
Registration				6,160	762	6,922				6,922
Promo & Other		2,939	2,594	4,309	4,410	14,252		2,559	2,559	16,811
Book Production				10,626	2,538	13,164				13,164
Special Activities				16,012	6,161	22,173				22,173
Audio Visual				41,413		41,413				41,413
Miscellaneous					3,425	3,425				3,425
Hotel Credits				(9,984)		(9,984)				(9,984)
Grand Total	\$ 66,395	\$ 244,165	\$144,350	\$ 290,866	\$ 182,828	\$928,604	\$ 173,701	\$ 91,003	\$ 264,704	\$1,193,308

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Program						Supporting			2017
	Grad Student Workshop	Economic Inquiry	CEP	Annual Conference	International Conference	Total	General & Admin	Membership	Total	
Management Services	\$ 12,085	\$ 48,211	\$ 39,087	\$ 32,802	\$ 25,897	\$158,082	\$ 20,717	\$ 18,731	\$ 39,448	\$ 197,530
Staff Services	6,615	38,138	32,910	59,720	32,159	169,542	47,363	33,901	81,264	250,806
Emp. Benefit/403b match						-	17,430		17,430	17,430
Health Ins./WEAI Contrib.						-	(129)		(129)	(129)
Outside Services	5,000	1,177	1,151	2,049	778	10,155	1,548	1,449	2,997	13,152
Office Rent	966	1,933	1,933	3,865	2,899	11,596	3,865	3,865	7,730	19,326
Office Electricity	76	153	153	306	229	917	306	306	612	1,529
Depreciation						-	30,933		30,933	30,933
Telephone	168	335	335	670	503	2,011	671	670	1,341	3,352
Postage	2	5,345	2,748	29	13	8,137	153	113	266	8,403
Other Supplies/Services	133	1,156	2,689	2,770	2,010	8,758	4,768	986	5,754	14,512
Printing and Mailing		38,690	17,451			56,141			-	56,141
Reimbursements		5,860	1,530			7,390			-	7,390
Merchant/Bank Fees						-	28,665		28,665	28,665
Travel	24,699	1,079	1,079	5,747	52,946	85,550	12,913		12,913	98,463
Meals	6,636			78,645	42,861	128,142			-	128,142
Registration				2,910	338	3,248			-	3,248
Legal & Accounting						-	21,888		21,888	21,888
Insurance						-	8,407		8,407	8,407
Election & Other						-	320		320	320
Promo & Other		1,608	2,377	2,706	4,341	11,032			1,936	12,968
Program				15,568	1,653	17,221			-	17,221
Spouse Events					2,628	2,628			-	2,628
Audio Visual				24,338		24,338			-	24,338
Miscellaneous				39	80	119			-	119
Hotel Credits				(9,627)		(9,627)			-	(9,627)
Typsetting & E-Production		18,592	7,311			25,903			-	25,903
Wiley Management Fee		57,527	25,895			83,422			-	83,422
Grand Total	\$ 56,380	\$ 219,804	\$136,649	\$ 222,537	\$ 169,335	\$804,705	\$ 199,818	\$ 61,957	\$ 261,775	\$1,066,480

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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.

Use of Estimates and Assumptions

In preparing financial statements in conformity with generally accepted accounting principles (GAAP), management makes 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 and the reported amounts of revenues and expenses during the reported period.

Financial Statement Presentation

The accompanying financial statements of the Association are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets are classified and reported as:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Association or by the passage of time

The Association has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Investments

We record investment purchases at cost, or if donated at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Subscription and Accounts Receivable

Subscriptions receivable represent amounts collected by Wiley-Blackwell under a journal publishing agreement. See Note 7.

The Association uses the allowance method to record doubtful accounts receivable. There was no allowance for the years ended December 31, 2018 and 2017, 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.

Functional Allocation of Expenses

The costs of providing the Association program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated between the program and supporting services. During the year ended December 31, 2018, 78% of expenses were allocated to program services.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2018, 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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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 18, 2016, FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented and shows no material differences.

Reporting of Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 15, 2019, 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, 2018 AND 2017

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, 2018, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & cash equivalents	\$ 358,780			\$ 358,780
Mutual fund investments	<u>2,414,524</u>			<u>2,414,524</u>
	<u>\$ 2,773,304</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,773,304</u>

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	<u>2,756,063</u>			<u>2,756,063</u>
	<u>\$ 2,951,166</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,951,166</u>

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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, 2018, investment assets consist of the following:

	December 31, 2018		
	Fair Market Value	Cost	Unrealized Gain/(Loss)
Mutual funds	\$ 2,414,524	\$ 2,194,394	\$ 220,130

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 years ended December 31, 2018 and 2017, interest and investment income consisted of the following:

	2018	2017
Interest and dividends	\$ 81,454	\$ 88,260
Realized gains and (losses)	76,740	62,453
Unrealized gains and (losses)	(299,733)	213,836
Total interest and investment income (loss)	\$ (141,539)	\$ 364,549

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 5 – LIQUIDITY AND AVAILABILITY

The Association maintains and manages adequate operating funds per policies set by the board of directors.

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

Cash and cash equivalents	\$ 358,780
Subscription receivables, net	5,103
Investments	<u>2,414,524</u>
 Grand Total	 <u><u>\$ 2,778,407</u></u>

NOTE 6 – FIXED ASSETS, net

For the years ended December 31, 2018 and 2017, fixed assets consist of the following:

	December 31,	
	2018	2017
Furniture and equipment	\$ 38,352	\$ 41,879
Software	50,657	275,729
	89,009	317,608
Less accumulated depreciation	(51,367)	(280,712)
 Net	 <u>\$ 37,642</u>	 <u>\$ 36,896</u>

For the years ended December 31, 2018 and 2017, depreciation and amortization expense was \$15,546 and \$30,933, respectively.

NOTE 7 – 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, 2018 and 2017, Wiley-Blackwell held \$166,252 and \$323,119, respectively, in subscriptions collected in advance and fees due.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

NOTE 8 – UNEARNED MEMBERSHIP AND SUBSCRIPTION REVENUES

The Association collects membership dues and subscription revenues. As of December 31, 2018 and 2017, current unearned membership and subscription revenues were \$145,574 and \$347,083, respectively. As of December 31, 2018 and 2017, noncurrent unearned membership revenues were \$15,576 and \$15,651, respectively.

NOTE 9 – UNEARNED CONFERENCE REVENUES

The Association organizes and hosts academic conferences. As of December 31, 2018 and 2017, unearned conference revenues were \$319,247 and \$195,327, respectively.

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, 2018 and 2017, the Association contributed \$16,463 and \$17,430 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, 2018 and 2017, rent expense was \$19,834 and \$19,326, respectively.

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

<u>Year Ending December 31,</u>	
2019	\$ 20,197
2020	20,601
2021	21,013
2022	21,433
Thereafter,	1,789
	<hr/>
Total	\$ 85,033
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WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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, the cash balances held at financial institutions did not exceed the FDIC insurance amount of \$250,000. As of December 31, 2018, the cash balances held at financial institutions did, at times, exceed federally insured limits. The Association has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash equivalents. 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 7.

The Association periodically holds conferences in foreign countries which are subject to the world economy. For the years ended December 31, 2018 and 2017, approximately 37% and 35% of the Association's subscriptions are from international sources.