

WESTERN ECONOMIC  
ASSOCIATION INTERNATIONAL  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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# *Guzman & Gray*

Certified Public Accountants

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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, 2019 and 2018, 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, 2019 and 2018, 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  
June 12, 2020

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

ASSETS

	December 31,	
	2019	2018
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 220,295	\$ 358,780
Investments	2,992,679	2,414,524
Subscription receivable	214,328	166,252
Prepays	20,945	30,150
Total Current Assets	3,448,247	2,969,706
FIXED ASSETS, net of		
Accumulated depreciation	25,587	37,642
TOTAL ASSETS	\$ 3,473,834	\$ 3,007,348

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 17,566	\$ 12,649
Unearned membership and subscription revenues	186,758	145,574
Unearned conference revenues	199,804	319,247
Total Current Liabilities	404,128	477,470
<b>NONCURRENT LIABILITIES</b>		
Unearned membership and subscription revenues	14,583	15,576
TOTAL LIABILITIES	418,711	493,046
<b>NET ASSETS</b>		
Without Restrictions	3,055,123	2,514,302
TOTAL LIABILITIES AND NET ASSETS	\$ 3,473,834	\$ 3,007,348

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, 2019 AND 2018

	December 31,	
	2019	2018
SUPPORT AND REVENUE		
Individual membership	\$ 72,953	\$ 69,482
Institutional membership	23,450	23,550
Economic Inquiry	401,008	402,761
Contemporary Economic Policy	145,249	148,200
Annual conference revenue	324,659	262,681
International conference revenue	270,958	140,659
Total Support and Revenue	1,238,277	1,047,333
EXPENSES		
Program	951,653	928,604
General & Administrative	203,418	173,701
Membership	75,539	91,003
Total Operating Expenses	1,230,610	1,193,308
REVENUE OVER/(UNDER)		
EXPENDITURES FROM OPERATIONS	7,667	(145,975)
OTHER REVENUE (EXPENSES)		
Investment return, net	528,154	(141,539)
Other income	5,000	3,260
Total Other Revenue	533,154	(138,279)
CHANGE IN NET ASSETS	540,821	(284,254)
BEGINNING NET ASSETS	2,514,302	2,798,556
ENDING NET ASSETS	\$ 3,055,123	\$ 2,514,302

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	December 31,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 540,821	\$ (284,254)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	17,295	15,546
Unrealized (gains) losses on investments	(392,608)	299,733
Realized (gains) losses on investments	(42,819)	(76,740)
(Increase) decrease in assets:		
Subscription receivable	(48,076)	156,867
Prepaid expenses	9,205	37,514
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	4,917	(9,578)
Unearned membership and subscription revenues	41,184	(201,583)
Unearned conference revenues	(120,436)	123,920
Net Cash From Operating Activities	9,483	61,425
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(5,240)	(16,292)
Purchase of investments/reinvested dividends	(420,499)	(95,761)
Proceeds from sale of investments	277,771	214,305
Net Cash Used by Investing Activities	(147,968)	102,252
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(138,485)	163,677
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	358,780	195,103
<b>ENDING CASH AND CASH EQUIVALENTS</b>	\$ 220,295	\$ 358,780

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, 2019

	Program					Supporting				
	Grad Student Workshop	Economic Inquiry	CEP	Annual Conference	International Conference	Total	General & Admin	Membership	Total	2019
Management Services	\$ 9,412	\$ 41,868	\$ 32,188	\$ 25,547	\$ 20,169	\$129,184	\$ 16,135	\$ 14,790	\$ 30,925	\$ 160,109
Staff Services	8,552	52,602	33,806	70,854	26,754	192,568	61,553	38,773	100,326	292,894
Outside Services	8,450	13,260	10,568	18,330	6,840	57,448	10,326	13,680	24,006	81,454
Office Rent	992	1,983	1,983	3,967	2,975	11,900	3,967	3,967	7,934	19,834
Office Electricity	72	144	144	288	216	864	288	288	576	1,440
Telephone	19	38	38	76	57	228	76	76	152	380
Postage		4,487	2,053	638	8,024	15,202	209	8	217	15,419
General Supplies & Services		1,712	1,419	4,049	1,539	8,719	5,193	863	6,056	14,775
Travel & Transportation	26,948			16,207	63,618	106,773	8,496		8,496	115,269
Promo & Other	408	3,101	2,251	3,398	2,121	11,279		3,094	3,094	14,373
Emp. Benefit/403b match							12,548		12,548	12,548
Merchant & Bank Fees							34,657		34,657	34,657
Legal & Accounting							25,259		25,259	25,259
Insurance							7,017		7,017	7,017
Election & Other							399		399	399
Depreciation and Amortization							17,295		17,295	17,295
Journals, Printing & Mailing		36,645	17,332			53,977				53,977
Elect. Editorial Office		3,611	1,201			4,812				4,812
Journal Typsetting & E-Production		19,342	7,607			26,949				26,949
Wiley Management Fee		62,665	25,700			88,365				88,365
Conference Food & Beverage	6,295			112,932	29,907	149,134				149,134
Registration Expense				5,297	870	6,167				6,167
Program Book Production				6,523	8,518	15,041				15,041
Conference Special Activities				20,878	6,487	27,365				27,365
Conference Audio Visual				86,676		86,676				86,676
Miscellaneous & Host Support					(26,934)	(26,934)				(26,934)
Hotel Room Night Credits				(14,064)		(14,064)				(14,064)
<b>Grand Total</b>	<b>\$ 61,148</b>	<b>\$ 241,458</b>	<b>\$136,290</b>	<b>\$ 361,596</b>	<b>\$ 151,161</b>	<b>\$951,653</b>	<b>\$ 203,418</b>	<b>\$ 75,539</b>	<b>\$ 278,957</b>	<b>\$ 1,230,610</b>

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				
	Grad Student Workshop	Economic Inquiry	CEP	Annual Conference	International Conference	Total	General & Admin	Membership	Total	2018
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
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
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
General Supplies & Services	119	1,014	1,017	11,436	3,331	16,917	4,108	826	4,934	21,851
Travel & Transportation	27,005	(919)	(919)	21,478	50,903	97,548	7,523		7,523	105,071
Promo & Other		2,939	2,594	4,309	4,410	14,252		2,559	2,559	16,811
Emp. Benefit/403b match							16,463		16,463	16,463
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
Depreciation and Amortization							15,546		15,546	15,546
Journals Printing & Mailing		41,721	17,370			59,091				59,091
Elect. Editorial Office		5,416	1,436			6,852				6,852
Journal Typsetting & E-Production		19,019	7,480			26,499				26,499
Wiley Management Fee		60,464	26,348			86,812				86,812
Conference Food & Beverage	3,342			51,113	43,154	97,609				97,609
Registration Expense				6,160	762	6,922				6,922
Program Book Production				10,626	2,538	13,164				13,164
Conference Special Activities				16,012	6,161	22,173				22,173
Conference Audio Visual				41,413		41,413				41,413
Miscellaneous & Host Support					3,425	3,425				3,425
Hotel Room Night Credits				(9,984)		(9,984)				(9,984)
<b>Grand Total</b>	<b>\$ 66,395</b>	<b>\$ 244,165</b>	<b>\$ 144,350</b>	<b>\$ 290,866</b>	<b>\$ 182,828</b>	<b>\$ 928,604</b>	<b>\$ 173,701</b>	<b>\$ 91,003</b>	<b>\$ 264,704</b>	<b>\$ 1,193,308</b>

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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 84% 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, 2019 AND 2018

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, 2019 and 2018, 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, 2019, 78% of expenses were allocated to program services.

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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue (Continued)

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 to 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, 2019, 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 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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

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, 2020, 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 June 12, 2020, the date the financial statements were available to issue.

Subsequent to the year end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. We are closely monitoring our investment portfolio and its liquidity and are actively working to minimize the impact of these declines. Our financial statements do not include adjustments to fair value that have resulted from these declines.

In addition to the affects of the financial statements due to the global outbreak of the coronavirus, and the subsequent events taken by local, state, and federal government, the Organization is unable to accurately predict how the coronavirus will affect operations. Presently this will affect the organizations ability to hold in-person conferences in 2020. Management is looking into reorganizing these into other formats and the overall affect on the organization is uncertain at this time.

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, 2019 AND 2018

**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, 2019, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & cash equivalents	\$ 220,295			\$ 220,295
Mutual fund investments	<u>2,992,679</u>			<u>2,992,679</u>
	<u>\$ 3,212,974</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,212,974</u>

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>

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**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, 2019, investment assets consist of the following:

	December 31, 2019		
	Fair Market Value	Cost	Unrealized Gain/(Loss)
Mutual funds	\$ 2,992,679	\$ 2,379,941	\$ 612,738

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 years ended December 31, 2019 and 2018, interest and investment income consisted of the following:

	2019	2018
Interest and dividends	\$ 92,727	\$ 81,454
Realized gains and (losses)	42,819	76,740
Unrealized gains and (losses)	392,608	(299,733)
Total interest and investment income (loss)	\$ 528,154	\$ (141,539)

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**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	\$ 220,295
Subscription receivables, net	12,987
Investments	<u>2,992,679</u>
 Grand Total	 <u>\$ 3,225,961</u>

**NOTE 6 – FIXED ASSETS, net**

For the years ended December 31, 2019 and 2018, fixed assets consist of the following:

	December 31,	
	2019	2018
Furniture and equipment	\$ 40,529	\$ 38,352
Software	46,800	50,657
	87,329	89,009
Less accumulated depreciation and amortization	(61,742)	( 51,367)
 Net	 \$ 25,587	 \$ 37,642

For the years ended December 31, 2019 and 2018, depreciation and amortization expense was \$17,295 and \$15,546, 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, 2019 and 2018, Wiley-Blackwell held \$214,328 and \$166,252, respectively, in subscriptions collected in advance and fees due.



WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 8 – UNEARNED MEMBERSHIP AND SUBSCRIPTION REVENUES

The Association collects membership dues and subscription revenues. As of December 31, 2019 and 2018, current unearned membership and subscription revenues were \$186,758 and \$145,574, respectively. As of December 31, 2019 and 2018, noncurrent unearned membership revenues were \$14,583 and \$15,576, respectively.

NOTE 9 – UNEARNED CONFERENCE REVENUES

The Association organizes and hosts academic conferences. As of December 31, 2019 and 2018, unearned conference revenues were \$199,804 and \$319,247, 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, 2019 and 2018, the Association contributed \$12,548 and \$16,463 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 \$1,627.80 and is subject to annual increases. For the years ended December 31, 2019 and 2018, rent expense was \$19,834 and \$19,834, respectively.

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

<u>Year Ending December 31,</u>	
2020	20,290
2021	20,695
2022	21,109
Thereafter,	<u>1,762</u>
Total	<u>\$ 63,856</u>

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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, 2019 and 2018 the cash balances held at financial institutions did not exceed the FDIC insurance amount of \$250,000. 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, 2019 and 2018, approximately 84% and 81% of the Association's subscriptions are from international sources.