

WESTERN ECONOMIC
ASSOCIATION INTERNATIONAL
FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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.

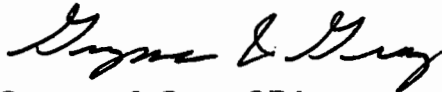
INDEPENDENT AUDITORS' REPORT (Continued)

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, 2020 and 2019, 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 8, 2021

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

ASSETS

	December 31,	
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 102,213	\$ 220,295
Investments	3,531,539	2,992,679
Subscription receivable	201,260	214,328
Prepays	19,078	20,945
Total Current Assets	3,854,090	3,448,247
FIXED ASSETS, net of		
Accumulated depreciation	7,715	25,587
TOTAL ASSETS	\$ 3,861,805	\$ 3,473,834

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 16,367	\$ 17,566
Unearned membership and subscription revenues	158,948	186,758
Unearned conference revenues	113,716	199,804
Total Current Liabilities	289,031	404,128
NONCURRENT LIABILITIES		
Unearned membership and subscription revenues	11,115	14,583
TOTAL LIABILITIES	300,146	418,711
NET ASSETS		
Without Restrictions	3,561,659	3,055,123
TOTAL LIABILITIES AND NET ASSETS	\$ 3,861,805	\$ 3,473,834

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, 2020 AND 2019

	December 31,	
	2020	2019
SUPPORT AND REVENUE		
Individual membership	\$ 46,623	\$ 72,953
Institutional membership	24,050	23,450
Economic Inquiry	409,720	401,008
Contemporary Economic Policy	140,473	145,249
Annual conference revenue	2,813	324,659
International conference revenue	3,354	270,958
Total Support and Revenue	627,033	1,238,277
EXPENSES		
Program	540,829	951,653
General & Administrative	157,842	203,418
Membership	65,685	75,539
Total Operating Expenses	764,356	1,230,610
REVENUE OVER/(UNDER)		
EXPENDITURES FROM OPERATIONS	(137,323)	7,667
OTHER REVENUE (EXPENSES)		
Investment return, net	638,859	528,154
Other income	5,000	5,000
Total Other Revenue	643,859	533,154
CHANGE IN NET ASSETS	506,536	540,821
BEGINNING NET ASSETS	3,055,123	2,514,302
ENDING NET ASSETS	\$ 3,561,659	\$ 3,055,123

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 506,536	\$ 540,821
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	17,872	17,295
Unrealized (gains) losses on investments	(326,293)	(392,608)
Realized (gains) losses on investments	(221,896)	(42,819)
(Increase) decrease in assets:		
Subscription receivable	13,068	(48,076)
Prepaid expenses	1,867	9,205
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,198)	4,917
Unearned membership and subscription revenues	(31,278)	41,184
Unearned conference revenues	(86,088)	(120,436)
Net Cash From Operating Activities	(127,410)	(491,056)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets		(5,240)
Purchase of investments/reinvested dividends	1,620,522	(420,499)
Proceeds from sale of investments	(1,611,194)	277,771
Net Cash Used by Investing Activities	9,328	(147,968)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(118,082)	(138,485)
 BEGINNING CASH AND CASH EQUIVALENTS	220,295	358,780
 ENDING CASH AND CASH EQUIVALENTS	\$ 102,213	\$ 220,295

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, 2020

	Program					Supporting					2020
	Grad Student Workshop	Economic Inquiry	CEP	Annual Conference	International Conference	Total	General & Admin	Membership	Total		
Management Services	\$ 10,187	\$ 44,679	\$ 34,663	\$ 27,650	\$ 21,829	\$139,008	\$ 17,392	\$ 16,008	\$ 33,400	\$ 172,408	
Staff Services	2,633	49,295	36,599	44,638	24,369	157,534	39,299	31,813	71,112	228,646	
Outside Services	7,450	12,402	9,101	16,203	5,652	50,808	9,206	11,202	20,408	71,216	
Office Rent	992	1,983	1,983	3,967	2,975	11,900	3,967	3,967	7,934	19,834	
Office Electricity	35	69	69	139	104	416	139	138	277	693	
Telephone											
Postage		3,495	1,890		371	5,756	36		36	5,792	
General Supplies & Services		810	1,411	1,158	540	3,919	3,535	650	4,185	8,104	
Travel & Transportation	554	99	59	788	(3,266)	(1,766)				(1,766)	
Promo & Other		1,718	1,718	1,731	811	5,978		1,907	1,907	7,885	
Emp. Benefit/403b match							10,720		10,720	10,720	
Merchant & Bank Fees							25,902		25,902	25,902	
Legal & Accounting							23,889		23,889	23,889	
Insurance							5,605		5,605	5,605	
Election & Other							280		280	280	
Depreciation and Amortization							17,872		17,872	17,872	
Journals, Printing & Mailing		32,702	13,330			46,032				46,032	
Elect. Editorial Office		5,099	(372)			4,727				4,727	
Journal Typsetting & E-Production		19,613	8,517			28,130				28,130	
Wiley Management Fee		61,317	25,611			86,928				86,928	
Conference Food & Beverage											
Registration Expense				708		708				708	
Program Book Production				751		751				751	
Conference Special Activities											
Conference Audio Visual											
Miscellaneous & Host Support											
Hotel Room Night Credits											
Grand Total	\$ 21,851	\$ 233,281	\$134,579	\$ 97,733	\$ 53,385	\$540,829	\$ 157,842	\$ 65,685	\$ 223,527	\$ 764,356	

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)
Grand Total	\$ 61,148	\$ 241,458	\$136,290	\$ 361,596	\$ 151,161	\$951,653	\$ 203,418	\$ 75,539	\$ 278,957	\$ 1,230,610

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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, 2020 AND 2019

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 6.

The Association uses the allowance method to record doubtful accounts receivable. There was no allowance for the years ended December 31, 2020 and 2019, 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.

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.

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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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.

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, 2020, 71% of expenses were allocated to program services.

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.

Revenue and Revenue Recognition

Contributions and grants that are not restricted by the donor or grantor are reported as increases in net assets without donor restrictions. Donor-restricted contributions or grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)

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, 2020, 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 Adopted 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, 2019. The Association has adopted the new accounting standard for the current financial statements. No significant changes were made to prior year amounts during the adoption of the new standard.

For the year ended December 31, 2020, the Association adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, and has applied it prospectively. The provision provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional and unconditional contributions. No significant changes were made to prior year amounts during the adoption of the new standard.

Recently Issued Accounting Pronouncements

In February 2016, the FASS 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, 2021, 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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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.

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, 2020, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash & cash equivalents	\$ 102,213			\$ 102,213
Mutual fund investments	<u>3,531,539</u>			<u>3,531,539</u>
	<u>\$ 3,633,752</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,633,752</u>

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>

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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, 2020, investment assets consist of the following:

	December 31, 2020		
	Fair Market Value	Cost	Unrealized Gain/(Loss)
Mutual funds	\$ 3,531,539	\$ 2,592,507	\$ 939,032

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 years ended December 31, 2020 and 2019, interest and investment income consisted of the following:

	2020	2019
Interest and dividends	\$ 90,670	\$ 92,727
Realized gains and (losses)	221,896	42,819
Unrealized gains and (losses)	326,293	392,608
Total interest and investment income (loss)	\$ 638,859	\$ 528,154

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 5 – FIXED ASSETS, NET

For the years ended December 31, 2020 and 2019, fixed assets consist of the following:

	December 31,	
	2020	2019
Furniture and equipment	\$ 40,529	\$ 40,529
Software	46,800	46,800
	87,329	87,329
Less accumulated depreciation and amortization	(79,614)	(61,742)
Net	\$ 7,715	\$ 25,587

For the years ended December 31, 2020 and 2019, depreciation and amortization expense was \$17,872 and \$17,295, 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, 2020 and 2019, Wiley-Blackwell held \$201,260 and \$214,328, 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, 2020 and 2019, current unearned membership and subscription revenues were \$158,948 and \$186,758, respectively. As of December 31, 2020 and 2019, noncurrent unearned membership revenues were \$11,115 and \$14,583, respectively.

NOTE 8 – UNEARNED CONFERENCE REVENUES

The Association organizes and hosts academic conferences. As of December 31, 2020 and 2019, unearned conference revenues were \$113,716 and \$199,804, respectively.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 9 – 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, 2020 and 2019, the Association contributed \$10,720 and \$12,548 to the retirement plan for eligible employees, respectively.

NOTE 10 – 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 \$1,628 and is subject to annual increases. For the years ended December 31, 2020 and 2019, 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>	
2021	\$ 20,695
2022	21,109
Thereafter,	<u>1,762</u>
Total	<u>\$ 43,566</u>

NOTE 11 – CONCENTRATIONS AND CREDIT RISK

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of December 31, 2020 and 2019 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 6.

The Association periodically holds conferences in foreign countries which are subject to the world economy. For the years ended December 31, 2020 and 2019, approximately 54% and 45% of the Association's subscriptions are from international sources.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 11 – CONCENTRATIONS AND CREDIT RISK (Continued)

Uncertainties

Toward the end of December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. On March 13, 2020, the United States President declared a national emergency. The extent to which COVID-19 may impact the Organization’s results will depend on future developments, which are highly uncertain and cannot be predicted at this time.

NOTE 12 – 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	\$ 102,213
Subscription receivables, net	31,196
Investments	<u>3,531,539</u>
Grand Total	<u>\$ 3,664,948</u>

NOTE 13 – SUBSEQUENT EVENTS

The Association has evaluated events subsequent to December 31, 2020, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 8, 2021, the date these financial statements were available to be issued.