

WESTERN ECONOMIC
ASSOCIATION INTERNATIONAL
FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 17, 2022

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>		December 31,	
		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	119,546	\$ 102,213
Investments		3,995,124	3,531,539
Subscription receivable		205,064	201,260
Prepays		4,798	19,078
Total Current Assets		<u>4,324,532</u>	<u>3,854,090</u>
FIXED ASSETS, net of			
Accumulated depreciation		<u>1,662</u>	<u>7,715</u>
TOTAL ASSETS	\$	<u>4,326,194</u>	\$ <u>3,861,805</u>
 <u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$	11,630	\$ 16,367
Unearned membership and subscription revenues		128,172	158,948
Unearned conference revenues		72,555	113,716
Total Current Liabilities		<u>212,357</u>	<u>289,031</u>
NONCURRENT LIABILITIES			
Unearned membership and subscription revenues		<u>11,612</u>	<u>11,115</u>
TOTAL LIABILITIES		<u>223,969</u>	<u>300,146</u>
NET ASSETS			
Without Restrictions		<u>4,102,225</u>	<u>3,561,659</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>4,326,194</u>	\$ <u>3,861,805</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, 2021 AND 2020

	December 31,	
	2021	2020
SUPPORT AND REVENUE		
Individual membership	\$ 52,082	\$ 46,623
Institutional membership	18,000	24,050
Economic Inquiry	400,496	409,720
Contemporary Economic Policy	149,118	140,473
Annual conference revenue	146,796	2,813
International conference revenue	76,273	3,354
Total Support and Revenue	842,765	627,033
EXPENSES		
Program	655,576	540,829
General & Administrative	169,855	157,842
Membership	95,353	65,685
Total Operating Expenses	920,784	764,356
REVENUE OVER/(UNDER) EXPENDITURES FROM OPERATIONS	(78,019)	(137,323)
OTHER REVENUE (EXPENSES)		
Investment return, net	613,585	638,859
Other income	5,000	5,000
Total Other Revenue	618,585	643,859
CHANGE IN NET ASSETS	540,566	506,536
BEGINNING NET ASSETS	3,561,659	3,055,123
ENDING NET ASSETS	\$ 4,102,225	\$ 3,561,659

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 540,566	\$ 506,536
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	6,053	17,872
Unrealized (gains) losses on investments	(383,612)	(326,293)
Realized (gains) losses on investments	(137,011)	(221,896)
(Increase) decrease in assets:		
Subscription receivable	(3,804)	13,068
Prepaid expenses	14,280	1,867
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(4,737)	(1,198)
Unearned membership and subscription revenues	(30,776)	(31,278)
Unearned conference revenues	(41,161)	(86,088)
Net Cash From Operating Activities	(40,202)	(127,410)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments/reinvested dividends	404,541	1,620,522
Proceeds from sale of investments	(347,006)	(1,611,194)
Net Cash Used by Investing Activities	57,535	9,328
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,333	(118,082)
BEGINNING CASH AND CASH EQUIVALENTS	102,213	220,295
ENDING CASH AND CASH EQUIVALENTS	\$ 119,546	\$ 102,213

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, 2021

	Program					Supporting				
	Grad Student Workshop	Economic Inquiry	CEP	Annual Conference	International Conference	Total	General & Admin	Membership	Total	2021
Management Services	\$ 10,175	\$ 57,823	\$ 34,815	\$ 27,618	\$ 21,804	\$ 152,235	\$ 17,443	\$ 15,990	\$ 33,433	\$ 185,668
Staff Services	3,557	56,652	36,585	45,691	12,465	154,950	50,192	38,168	88,360	243,310
Outside Services	25,034	41,003	28,503	40,715	21,863	157,118	23,300	37,003	60,303	217,421
Office Rent	909	1,818	1,818	3,636	2,727	10,908	3,636	3,636	7,272	18,180
Office Electricity	58	115	115	231	173	692	231	231	462	1,154
Postage		3,707	2,216			5,923				5,923
General Supplies & Services		549	3,545	416	174	4,684	4,393	325	4,718	9,402
Travel & Transportation		2,500		2,095	4,700	9,295				9,295
Promo & Other		543	553			1,096				1,096
Emp. Benefit/403b match							16,155		16,155	16,155
Merchant & Bank Fees							21,456		21,456	21,456
Legal & Accounting							20,519		20,519	20,519
Insurance							5,843		5,843	5,843
Election & Other							634		634	634
Depreciation and Amortization							6,053		6,053	6,053
Journals, Printing & Mailing		13,173	7,548			20,721				20,721
Elect. Editorial Office		8,244	755			8,999				8,999
Journal Typesetting & E-Production		20,671	8,129			28,800				28,800
Wiley Management Fee		63,357	29,254			92,611				92,611
Conference Food & Beverage				26		26				26
Conference Special Activities				300		300				300
Miscellaneous & Host Support				7,218		7,218				7,218
Grand Total	\$ 39,733	\$ 270,155	\$ 153,836	\$ 127,946	\$ 63,906	\$ 655,576	\$ 169,855	\$ 95,353	\$ 265,208	\$ 920,784

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
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 Typesetting & E-Production		19,613	8,517			28,130				28,130
Wiley Management Fee		61,317	25,611			86,928				86,928
Registration Expense				708		708				708
Program Book Production				751		751				751
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
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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 Association's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America.

Net Asset Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. The Association's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets released from donor restrictions

Net assets are released by incurring expenses satisfying the restriction or occurrence of the other events specified by donors.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Association applies the five-step model to contracts when it is probable that the Foundation will collect the consideration it is entitled. To determine revenue recognition for arrangements within the scope of ASC Topic 606, "Revenue from Contracts with Customers" ("ASC Topic 606"), the Association performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the Association satisfies a performance obligation.

The Association then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation or as the performance obligation is satisfied. A summary of significant revenue streams are below.

Grants and Contracts

Recognition of revenue for grants and contracts is based primarily on services performed, expenses incurred, and as programs and service activities take place. The revenue is reported with support and revenue in the statement of activities and changes in net assets.

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. All contributions are considered to be unrestricted unless specifically restricted by the donor. Any such contributions are recognized as an increase to the unrestricted restricted fund. Contributions that are restricted by the donor are reported as increases in with or without restrictions depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Significant estimates include the timing of income recognition from grants and contracts and methodologies of allocating expenses by function that could vary from the estimates that were assumed in preparing the financial statements.

Fair Value Measurements

The Association follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input of assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers cash on hand and cash in other depository institutions with an original maturity of three months or less to be cash equivalents.

Subscription and Accounts Receivable

Subscriptions receivable represent amounts collected by Wiley-Blackwell under a journal publishing agreement. See Note 5.

The Association uses the allowance method to record doubtful accounts receivable. There was no allowance for the years ended December 31, 2021 and 2020, 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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments purchased by the Association are stated at market value. Fair values of investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Contributed securities are stated at their market value on the date of donation. Realized gains and losses on sale of investments are determined based on the cost of the individual investment and the sale price at the date of sale. Unrealized gains and losses on marketable securities are calculated as the difference between the cost and market value of all investments on hand from one year to the next based on market value at year end and reported in the statement of activities and changes in net assets.

Accrued Vacation

Accruals for vacation are made on a monthly basis as such benefits become payable to employees. Pay rate increases are applied to the hours earned in prior periods, if any, and are reported in salaries and wages in the statement of functional expenses.

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.

Functional Allocation of Expenses

The Association allocates its expenses on a functional basis among their various programs and support services. Expenses are identified with a specific program or support services and are allocated directly according to their natural expenditure classification. During the year ended December 31, 2021, 71% of expenses were allocated to program services.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021, 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 Not Yet Adopted

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, 2021 including interim periods within fiscal years beginning after December 15, 2022. The Association is currently evaluating the impact of the adoption of the new standard on the financial statements, if any.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, with the stated purpose of providing guidance in evaluating whether transactions should be accounted for as contributions or exchanges, as well as distinguishing between conditional and unconditional contributions. The Association is currently evaluating the impact of the adoption of the new standard on the financial statements, if any.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements Not Yet Adopted (Continued)

In September 2020, the FASB issued ASU 2020-07 (the "Update"), *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU aims to increase transparency of contributed nonfinancial assets, commonly known as gifts-in-kind, through enhancement to presentation and disclosures. Not-for-Profit entities are required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and to disclose the disaggregation of the amount contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. Each category is subject to certain additional disclosures. The Update should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Association is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 3 – FIXED ASSETS, NET

For the years ended December 31, 2021 and 2020, fixed assets consist of the following:

	December 31,	
	2021	2020
Furniture and equipment	\$ 40,529	\$ 40,529
Software	46,800	46,800
	87,329	87,329
Less accumulated depreciation and amortization	(85,667)	(79,614)
Net	\$ 1,662	\$ 7,715

For the years ended December 31, 2021 and 2020, depreciation and amortization expense was \$6,053 and \$17,872, respectively.

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.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 4 – INVESTMENTS (Continued)

A summary of investments at December 31, 2021 is as follows:

	December 31, 2021		
	Fair Market Value	Cost	Unrealized Gain/(Loss)
Mutual funds	\$ 3,995,124	\$ 2,672,480	\$ 1,322,644

A summary of investments at December 31, 2020 is as follows:

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

A summary of investment income for the years ended December 31, 2021 and 2020, consisted of the following:

	2021	2020
Interest and dividends	\$ 92,962	\$ 90,670
Realized gains	137,011	221,896
Unrealized gains	383,612	326,293
Total interest and investment income	\$ 613,585	\$ 638,859

As of December 31, 2021, fair values of assets measured on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Cash & cash equivalents	\$ 119,546			\$ 119,546
Mutual fund investments	3,995,124			3,995,124
	\$ 4,114,670	\$	\$	\$ 4,114,670

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 4 – INVESTMENTS (Continued)

As of December 31, 2020, fair values of assets measured on a recurring basis 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>

NOTE 5 – 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, 2021 and 2020, Wiley-Blackwell held \$205,064 and \$201,260, respectively, in subscriptions collected in advance and fees due.

NOTE 6 – UNEARNED MEMBERSHIP AND SUBSCRIPTION REVENUES

The Association collects membership dues and subscription revenues. As of December 31, 2021 and 2020, current unearned membership and subscription revenues were \$128,172 and \$158,948, respectively. As of December 31, 2021 and 2020, noncurrent unearned membership revenues were \$11,612 and \$11,115, respectively.

NOTE 7 – UNEARNED CONFERENCE REVENUES

The Association organizes and hosts academic conferences. As of December 31, 2021 and 2020, unearned conference revenues were \$72,555 and \$113,716, respectively.

NOTE 8 – 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, 2021 and 2020, the Association contributed \$16,155 and \$10,720 to the retirement plan for eligible employees, respectively.

NOTE 9 – 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, 2021 and 2020, rent expense was \$18,181 and \$19,834, respectively.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 9 – OPERATING LEASES (Continued)

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

Year Ending	
<u>December 31,</u>	
2022	\$ 21,109
Thereafter,	<u>1,762</u>
Total	<u>\$ 22,871</u>

NOTE 10 – CONCENTRATIONS AND CREDIT RISK

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of December 31, 2021 and 2020 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 5.

The Association periodically holds conferences in foreign countries which are subject to the world economy. For the years ended December 31, 2021 and 2020, approximately 34% and 54% of the Association's subscriptions are from international sources.

Uncertainties

The COVID-19 pandemic has not created any significant financial impact on the Association at this time. However, any unforeseen business interruptions caused by the pandemic could have an adverse effect on the Foundation's operations and cash flow.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 11 – 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	\$ 119,546
Subscription receivables, net	65,280
Investments	<u>3,995,124</u>
Grand Total	<u>\$ 3,664,948</u>

NOTE 12 – SUBSEQUENT EVENTS

The Association has evaluated events subsequent to December 31, 2021, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 17, 2022, the date these financial statements were available to be issued.