

Arizona Council on Economic Education

Audited Financial Statements

Year Ended December 31, 2021

Stevenson CPA LLC
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INDEPENDENT AUDITORS' REPORT

24 W Camelback Rd

Suite A568

Phoenix, AZ 85013

Elena Zee and the Board of Directors
Arizona Council on Economic Education (ACEE)
16421 N Tatum Blvd #123
Phoenix, AZ 85032

We have audited the accompanying financial statements of Arizona Council on Economic Education (the "Organization"), which comprise the Statement of Financial Position as of December 31, 2021, and the related Statements of Activities, Functional Expenses and Cash Flows for the year 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.

Auditor's 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.

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 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.



Phoenix, Arizona
March 18, 2022

**Arizona Council on Economic Education
Statement of Financial Position
As of December 31, 2021**

	2021
Assets	
Current assets	
Cash & cash equivalents	\$ 1,199,839
Promises to give	37,712
Total current assets	1,237,551
Other assets	
Inventory	1,787
Prepaid	5,314
Security deposit	1,104
Total other assets	8,205
Property & equipment	
Furniture	1,683
Computer equipment	6,362
Less accumulated depreciation	(6,266)
Total property & equipment	1,779
Total assets	1,247,535
Liabilities and net assets	
Current liabilities	
Accounts payable	11,376
Accrued payroll liabilities	1,100
Total current liabilities	12,476
Total liabilities	12,476
Net assets	
With donor restrictions	109,000
Without donor restrictions	1,126,059
Total net assets	1,235,059
Total liabilities and net assets	\$ 1,247,535

The accompanying notes are an integral part of these financial statements.

Arizona Council on Economic Education
Statement of Activities
For the Year Ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support & revenue			
Public & private contributions	\$ 469,347	\$ 103,000	\$ 572,347
Affiliate contributions	27,000	6,000	33,000
Program service fees	32,745	-	32,745
Individual contributions	26,046	-	26,046
In-kind income	1,500	-	1,500
Dividends & interest	475	-	475
Special event revenue	102,365	-	102,365
Less: cost of direct donor benefits	(18,192)	-	(18,192)
Special event revenue, net	84,173	-	84,173
Net assets released from restrictions	80,000	(80,000)	-
Total support & revenue	721,286	29,000	750,286
Expenses			
Program	442,850	-	442,850
Administrative	52,486	-	52,486
Fundraising	50,327	-	50,327
Total expenses	545,663	-	545,663
Changes in net assets	175,623	29,000	204,623
Net assets, beginning of year	950,436	80,000	1,030,436
Net assets, end of year	\$ 1,126,059	\$ 109,000	\$ 1,235,059

The accompanying notes are an integral part of these financial statements.

**Arizona Council on Economic Education
Statement of Functional Expenses
For the Year Ended December 31, 2021**

	2021			
	Programs	Administration	Fundraising	Total
Expenses				
Salaries & wages	\$ 325,347	\$ 14,959	\$ 33,657	\$ 373,963
Payroll related expenses	5,796	267	600	6,663
Payroll taxes	25,508	1,173	2,639	29,320
Total payroll expenses	<u>356,651</u>	<u>16,399</u>	<u>36,896</u>	<u>409,946</u>
Accounting	-	8,143	-	8,143
Awards	11,950	30	1,102	13,082
Bad debt	-	3,000	-	3,000
Bank & registration fees	266	320	413	999
Contracted & professional fees	29,735	394	-	30,129
Depreciation	-	1,184	-	1,184
Dues & subscriptions	5,555	2,571	245	8,371
Event expenses	-	-	11,671	11,671
Insurance	-	2,029	-	2,029
Marketing & outreach	6,132	10,035	-	16,167
Occupancy	12,707	4,398	-	17,105
Printing & postage	-	276	-	276
Supplies & materials	13,782	400	-	14,182
Travel & meeting	6,072	3,307	-	9,379
Total expenses	<u>\$ 442,850</u>	<u>\$ 52,486</u>	<u>\$ 50,327</u>	<u>\$ 545,663</u>

The accompanying notes are an integral part of these financial statements.

Arizona Council on Economic Education
Statement of Cash Flows
For the Year Ended December 31, 2021

	<u>2021</u>
Operating activities	
Change in net assets	\$ 204,623
Adjustments to reconcile changes in net assets to net cash from operating activities:	
Depreciation	1,184
(Increase) in promises to give	(35,040)
Decrease in inventory	8
(Increase) in prepaid assets	(800)
Increase in accounts payable	7,948
Increase in accrued payroll liabilities	620
Net cash provided by operating activities	<u>178,543</u>
Net change in cash and cash equivalents	178,543
Cash & cash equivalents	
Beginning of year	<u>1,021,296</u>
End of year	<u><u>\$ 1,199,839</u></u>

Supplemental disclosure of cash flow information

There were no amounts paid for interest & taxes for the year ended December 31, 2021.

The accompanying notes are an integral part of these financial statements.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Arizona Council on Economic Education (ACEE) is a nonprofit organization founded in the state of Arizona in 1973. It is dedicated to economic and financial literacy, and workforce development in Arizona. ACEE prepares teachers and student teachers in teaching personal finance, economics and entrepreneurship and distributes proven non-proprietary economic education resources to schools free of charge.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Promises to Give

Grants receivable consists primarily of amounts due from grantors on purpose-restricted grants. The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities.

The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Based on management's evaluation of the grants and other receivables at December 31, 2021, management expects the amounts to be fully collectible and therefore has not established an allowance for uncollectable receivables.

Property and Equipment

The Organization records property and equipment additions over \$500 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the Statement of Activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. The Organization estimates useful life by asset class as follows:

Furniture	3-10 years
Computer Equipment	5-10 years

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is comprised of program-related textbooks and other curriculum material and is stated at lower of cost or market, which approximates net realizable value determined by the first-in, first-out (FIFO) method.

Investments

The Organization maintains a brokerage account with Charles Schwab in order to accept stock donations from its donors, the balance of which consists of cash and cash equivalents. The Organization records donated investments at fair value on the date of donation. Thereafter, investments are converted to cash. Net investment return/(loss) is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment fees.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor- imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in *net assets with donor restrictions*, depending on the nature of the restrictions. When a restriction expires, *net assets with donor restrictions* are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Revenue Recognition

Contributions – Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions, pledges and grants are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as with donor restriction thereby increasing that net asset class. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Program Service Fees – Program service fees and payments under contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Special Event – Special event revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Special event revenue is recognized as equal to the fair value of direct benefits to donors when the special event takes place. Special event revenue is deferred to the applicable period.

Donated Services and In-kind Contributions

Contributions of materials and professional services are recorded at their estimated values on the date of the contribution if they enhance the Organization's nonfinancial assets or require specialized skills that the Organization would normally purchase, if not provided by a contribution. The Organization received in-kind goods totaling \$1,500 for the year ended December 31, 2021.

Functional Allocation of Expenses

The Organization separates costs by the major classes of expenses: Programs, Administrative, and Fundraising. Expenses have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. When appropriate, expenses are charged directly to one of the major classes. Indirect expenses have been allocated according to the activity and functionality related to their utilization based upon management's estimate of use.

Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as salaries and wages, benefits and payroll taxes which are allocated on the basis of estimates of time and effort.

Income Tax Status

The Organization is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code and as an Organization described, in Section 501(c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private Organization under Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax, Form 990, with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax, and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. It is the organization's policy to keep account balances below \$250,000 per FDIC limits, with the exception of the operating accounts. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the organization. To date, no losses have been experienced in any of these accounts.

Recent Accounting Guidance

In June 2021, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets, requires not-for-profits to present contributed non-financial assets as a separate line item in the Statement of Activities and provide additional disclosures about contributions of non-financial assets. Contributed non-financial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for the Organization for the year ending December 31, 2022.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the Statement of Financial Position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated Statement of Activities. The standard is effective for the Organization for the year ending December 31, 2022.

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through March 18, 2022, the date on which the financial statements were available to be issued. No significant events that would be expected to materially impact the financial statements were identified.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 2 – LIQUIDITY AND AVAILABILITY

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	\$ 1,199,839
Promises to give	37,712
Total	\$ 1,237,551

NOTE 3 - PROMISES TO GIVE

Promises to give are estimated to be collected as follows at December 31:

	2021
Due within one year	\$ 37,712
Due in one to five years	-
	<u>37,712</u>
Less allowance for uncollectable accounts	-
Promises to give, net	\$ <u>37,712</u>

Two grantors accounted for 72% of total promises to give, at December 31, 2021.

Promises to give totaling \$27,300 were restricted by donors for specific purposes and were reported as contributions *with donor restrictions*.

NOTE 4 - OPERATING LEASES

The Organization leases office space under an operating lease which expires in June 2021. Future minimum payments associated with the lease are as follows:

<u>Years ending December 31,</u>	<u>Operating Lease</u>
2022	\$ 9,932
2023	-
2024	-
2025	-
2026	-
Thereafter	-
Total minimum lease payments	\$ <u>9,932</u>

Rent expense totaled \$14,119 for the year ended December 31, 2021. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	2021
Subject to specified purpose:	
Native American youth	\$ 6,000
Money minutes	10,000
Financial fitness	60,000
Get your game on	15,000
	91,000
Subject to time and specified purpose:	
Smart path	18,000
	18,000
Total net assets with donor restrictions	\$ 109,000

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended December 31:

	2021
Subject to specified purpose:	
Youth Economic empowerment	\$ 20,000
Math and real world	10,000
Financial literacy program	50,000
	80,000
Total net assets released from donor restrictions	\$ 80,000

In addition, \$191,230 received during the year ended December 31, 2021 were restricted by donors for specified purposes, which were satisfied during the year and were reported as contributions without donor restrictions.

NOTE 6 – CONCENTRATIONS OF REVENUE

The Organization receives revenue from individual and corporate contributions. The concentrations of revenue for the Organization for the year ending December 31, 2021 is as follows:

	2021
Public and private contributions	76%
Special event	11%
Affiliate contributions	4%
Individual contributions	4%
Program service fees	4%
Other	1%
Total	100%

Arizona Council on Economic Education
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 7 – RELATED PARTY TRANSACTIONS

The Organization has a related party relationship with a board member who is also the organization's insurance broker. Amounts by the organization paid for insurance total \$2,029 during the year ended December 31, 2021.

At December 31, 2021, the Organization had an amount of \$12,300, due from the national Council on Economic Education, with which it is affiliated.