

WESTERN ECONOMIC  
ASSOCIATION INTERNATIONAL  
FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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# *Guzman & Gray*

Certified Public Accountants

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4510 East Pacific Coast Highway, Suite 270  
Long Beach, California 90804  
(562) 498-0997 Fax: (562) 597-7359

Mark Gray, C.P.A.  
Patrick S. Guzman, C.P.A.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Western Economic Association International

### **Opinion**

We have audited the accompanying financial statements of Western Economic Association International (the "Association") (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Economic Association International as of December 31, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western Economic Association International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Economic Association International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Western Economic Association International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Economic Association International's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited Western Economic Association International's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited statements from which it has been derived.



Guzman & Gray, CPAs  
Long Beach, CA  
June 17, 2023

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>		December 31,	
		<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	161,498	\$ 119,546
Investments		2,934,290	3,995,124
Subscription receivable		128,240	205,064
Prepays		8,021	4,798
Right of use asset		95,970	
Total Current Assets		<u>3,328,019</u>	<u>4,324,532</u>
 <b>FIXED ASSETS, net of</b>			
Accumulated depreciation			<u>1,662</u>
 <b>TOTAL ASSETS</b>			
	\$	<u>3,328,019</u>	\$ <u>4,326,194</u>
 <u>LIABILITIES AND NET ASSETS</u>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	\$	24,873	\$ 11,630
Unearned membership and subscription revenues		121,108	128,172
Unearned conference revenues		155,695	72,555
Operating lease liability		18,356	
Total Current Liabilities		<u>320,032</u>	<u>212,357</u>
 <b>NONCURRENT LIABILITIES</b>			
Unearned membership and subscription revenues		11,858	11,612
Operating lease liability		77,614	
Total Noncurrent Liabilities		<u>89,472</u>	<u>11,612</u>
 <b>TOTAL LIABILITIES</b>			
		<u>409,504</u>	<u>223,969</u>
 <b>NET ASSETS</b>			
Without Restrictions		<u>2,918,515</u>	<u>4,102,225</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>			
	\$	<u>3,328,019</u>	\$ <u>4,326,194</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, 2022 AND 2021

	December 31,	
	2022	2021
<b>SUPPORT AND REVENUE</b>		
Individual membership	\$ 49,017	\$ 52,082
Institutional membership	21,059	18,000
Economic Inquiry	356,211	400,496
Contemporary Economic Policy	123,370	149,118
Annual conference revenue	221,151	146,796
International conference revenue		76,273
Total Support and Revenue	770,808	842,765
<b>EXPENSES</b>		
Program	901,620	655,576
General & Administrative	196,171	169,855
Membership	101,131	95,353
Total Operating Expenses	1,198,922	920,784
<b>REVENUE OVER/(UNDER)</b>		
EXPENDITURES FROM OPERATIONS	(428,114)	(78,019)
<b>OTHER REVENUE (EXPENSES)</b>		
Investment return, net	(760,834)	613,585
Other income	5,238	5,000
Total Other Revenue	(755,596)	618,585
<b>CHANGE IN NET ASSETS</b>	(1,183,710)	540,566
<b>BEGINNING NET ASSETS</b>	4,102,225	3,561,659
<b>ENDING NET ASSETS</b>	\$ 2,918,515	\$ 4,102,225

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	December 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (1,183,710)	\$ 540,566
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,662	6,053
Unrealized (gains) losses on investments	892,163	(383,612)
Realized (gains) losses on investments	(52,031)	(137,011)
(Increase) decrease in assets:		
Subscription receivable	76,824	(3,804)
Prepaid expenses	(3,223)	14,280
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	13,243	(4,737)
Unearned membership and subscription revenues	(6,818)	(30,776)
Unearned conference revenues	83,140	(41,161)
Net Cash From Operating Activities	(178,750)	(40,202)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments/reinvested dividends	472,245	404,541
Proceeds from sale of investments	(251,543)	(347,006)
Net Cash Used by Investing Activities	220,702	57,535
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	41,952	17,333
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	119,546	102,213
<b>ENDING CASH AND CASH EQUIVALENTS</b>	\$ 161,498	\$ 119,546

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, 2022

	Program					Supporting				
	Grad Student Workshop	Economic Inquiry	CEP	Annual Conference	International Conference	Total	General & Admin	Membership	Total	2022
Management Services	\$ 10,557	\$ 54,060	\$ 36,209	\$ 28,656	\$ 22,623	\$ 152,105	\$ 18,099	\$ 16,591	\$ 34,690	\$ 186,795
Staff Services	8,078	53,084	36,513	80,602	24,175	202,452	57,059	44,385	101,444	303,896
Outside Services	23,537	34,077	34,796	41,390	17,749	151,549	23,225	34,582	57,807	209,356
Office Rent	992	1,983	1,983	3,967	2,975	11,900	3,967	3,967	7,934	19,834
Office Electricity	81	162	162	324	243	972	324	324	648	1,620
Postage		3,605	1,679	1,742		7,026				7,026
General Supplies & Services		2,963	1,318	7,679	641	12,601	6,141	1,282	7,423	20,024
Travel & Transportation	35,785			10,154		45,939	8,743		8,743	54,682
Promo & Other		1,303	828	277		2,408				2,408
Emp. Benefit/403b match							24,106		24,106	24,106
Merchant & Bank Fees							23,707		23,707	23,707
Legal & Accounting							21,496		21,496	21,496
Insurance							7,401		7,401	7,401
Election & Other							241		241	241
Depreciation and Amortization							1,662		1,662	1,662
Journals, Printing & Mailing		21,435	9,455			30,890				30,890
Elect. Editorial Office		8,340	737			9,077				9,077
Journal Typsetting & E-Production		22,366	8,795			31,161				31,161
Wiley Management Fee		53,027	22,919			75,946				75,946
Conference Food & Beverage	11,614			45,651		57,265				57,265
Program Book Production				7,218		7,218				7,218
Conference Special Activities				12,141		12,141				12,141
Conference Audio Visual				90,755		90,755				90,755
Miscellaneous & Host Support				215		215				215
<b>Grand Total</b>	<b>\$ 90,644</b>	<b>\$ 256,405</b>	<b>\$ 155,394</b>	<b>\$ 330,771</b>	<b>\$ 68,406</b>	<b>\$ 901,620</b>	<b>\$ 196,171</b>	<b>\$ 101,131</b>	<b>\$ 297,302</b>	<b>\$ 1,198,922</b>

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
<b>Grand Total</b>	<b>\$ 39,733</b>	<b>\$ 270,155</b>	<b>\$ 153,836</b>	<b>\$ 127,946</b>	<b>\$ 63,906</b>	<b>\$ 655,576</b>	<b>\$ 169,855</b>	<b>\$ 95,353</b>	<b>\$ 265,208</b>	<b>\$ 920,784</b>

See independent auditors' report and notes to financial statements

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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 83% 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, 2022 AND 2021

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 Association 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, 2022 AND 2021

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 Association 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 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, 2022 and 2021, as management believes all receivables are fully collectible.

Prepaid expenses

Prepaid expenses include prepaid rent for the leased office, expenditures for the Annual 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. 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, 2022 AND 2021

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, 2022, 75% of expenses were allocated to program services.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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, 2022, 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 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 Update on the financial statements.

Adoption of FASB ASC 842

Effective January 1, 2022, the Association adopted FASB ASC 842, *Leases*. The Association determines if an arrangement contains a lease at inception based on whether the Association has the right to control the asset during the contract period and other facts and circumstances. The Association elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things allowed the Association to carry forward the historical lease classification.

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of FASB ASC 842 (Continued)

The adoption of FASB ASC 842 resulted in the recognition of operating lease right-of-use-asset of \$20,847 and operating lease liability of \$20,847 at January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the Association's historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Association's statement of activities or cash flows.

NOTE 3 – FIXED ASSETS, NET

For the years ended December 31, 2022 and 2021, fixed assets consist of the following:

	December 31,	
	2022	2021
Furniture and equipment	\$ 40,529	\$ 40,529
Software	46,800	46,800
	87,329	87,329
Less accumulated depreciation and amortization	(87,329)	(85,667)
Net	\$	\$ 1,662

For the years ended December 31, 2022 and 2021, depreciation and amortization expense was \$1,662 and \$6,053, 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.

A summary of investments at December 31, 2022 is as follows:

	December 31, 2022		
	Fair Market Value	Cost	Unrealized Gain/(Loss)
Mutual funds	\$ 2,934,290	\$ 1,658,515	\$ 1,275,775

WESTERN ECONOMIC ASSOCIATION INTERNATIONAL  
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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 investment income for the years ended December 31, 2022 and 2021, consisted of the following:

	2022	2021
Interest and dividends	\$ 79,298	\$ 92,962
Realized gains	52,031	137,011
Unrealized (loss)gains	(892,163)	383,612
Total interest and investment (loss)income	\$ (760,834)	\$ 613,585

As of December 31, 2022, fair values of assets measured on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Cash & cash equivalents	\$ 161,498			\$ 161,498
Mutual fund investments	2,934,290			2,934,290
	\$ 3,095,788	\$	\$	\$ 3,095,788

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, 2022 AND 2021

NOTE 5 – PUBLISHING AGREEMENT

The Association renewed its journal publishing agreement with Wiley effective January 2018. Wiley shares the responsibilities for producing, marketing, and distributing the Association's journals. Wiley also collects subscriptions, pays certain expenditures on behalf of the Association, and maintains the accounting for such activities. As of December 31, 2022 and 2021, Wiley held \$128,240 and \$205,064, 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, 2022 and 2021, current unearned membership and subscription revenues were \$121,108 and \$128,172, respectively. As of December 31, 2022 and 2021, noncurrent unearned membership revenues were \$11,858 and \$11,612, respectively.

NOTE 7 – UNEARNED CONFERENCE REVENUES

The Association organizes and hosts academic conferences. As of December 31, 2022 and 2021, unearned conference revenues were \$155,695 and \$72,555, 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, 2022 and 2021, the Association contributed \$24,106 and \$16,155 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. In January 2023, the Association renewed its lease agreement for an additional five years to 2023. For the years ended December 31, 2022 and 2021, rent expense was \$19,834 and \$18,180, respectively.

The following summarizes the line items in the statement of financial position which includes amounts for operating lease at December 31, 2022:

Operating lease right-of-use assets	<u>\$ 95,970</u>
Lease liability, current portion	\$ 18,356
Lease liability, non-current portion	<u>77,614</u>
Total operating lease liabilities	<u>\$ 95,970</u>

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NOTE 9 – OPERATING LEASES (Continued)

The following summarizes the weighted average remaining lease term and discount rate at December 31, 2022:

Weighted Average Remaining Lease Term	
Operating lease	<u>5.09 years</u>
Weighted Average Discount Rate	
Operating lease	<u>1.37%</u>

The maturities of lease liabilities are as follows at December 31, 2022:

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

<u>Year Ending December 31,</u>	
2023	\$ 19,534
2024	19,534
2025	19,534
2026	19,534
2027	19,534
Thereafter,	<u>1,628</u>
Total lease payments	99,298
Less: Interest	<u>(3,328)</u>
Present value of lease liabilities	<u>\$ 95,970</u>

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended December 31, 2022:

Operating lease cost	\$ 19,534
Variable lease cost	<u>300</u>
Total lease cost	<u>\$ 19,834</u>

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The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating lease	<u>\$ 19,534</u>
Lease assets obtained in exchange for lease obligations:	
Operating lease	<u>\$ 18,111</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 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, 2022 and 2021, approximately 28% and 34% of the Association's subscriptions are from international sources.

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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	\$ 161,498
Investments	<u>2,934,290</u>
Grand Total	<u>\$ 3,095,788</u>

NOTE 12 – SUBSEQUENT EVENTS

The Association has evaluated events subsequent to December 31, 2022, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through June 17, 2023, the date these financial statements were available to be issued.