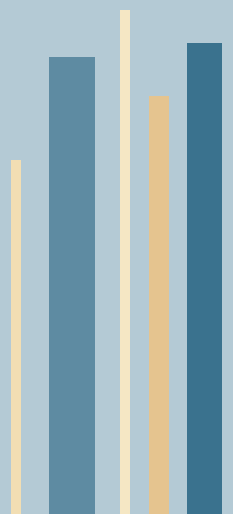




ARIZONA COUNCIL ON ECONOMIC EDUCATION

Audited Financial Statements

Year Ended December 31, 2023 and 2022



Arizona Council on Economic Education
Audited Financial Statements
Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Arizona Council on Economic Education
16421 N Tatum Blvd #123
Phoenix, AZ 85032

Opinion

We have audited the financial statements of Arizona Council on Economic Education, which comprise the Statement of Financial Position as of December 31, 2023, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements. We previously reviewed the financial statements, which comprise the Statement of Financial Position as of December 31, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Arizona Council on Economic Education as of December 31, 2023, 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 (GAAS). 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 Arizona Council on Economic Education 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 Arizona Council on Economic Education's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 Arizona Council on Economic Education'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 Arizona Council on Economic Education'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.

Other Matter

We previously reviewed the financial statements, which comprise the Statement of Financial Position as of December 31, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements and issued a report dated April 28, 2023. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

NPO Accountants

NPO Accountants, LLC

Phoenix, Arizona

May 21, 2024

Arizona Council on Economic Education
Statements of Financial Position
As of December 31, 2023 and 2022

	Audited 2023	Reviewed 2022
Assets		
Current assets		
Cash & cash equivalents	\$ 884,881	\$ 823,846
Investments	526,268	451,998
Accounts receivable	2,055	1,200
Total current assets	<u>1,413,204</u>	<u>1,277,044</u>
Other assets		
Inventory	1,787	1,787
Prepaid expenses	9,217	26,780
Security deposit	1,354	1,354
Total other assets	<u>12,358</u>	<u>29,921</u>
Property & equipment		
Right-of-use asset	61,048	66,958
Computer equipment	7,145	7,145
Furniture	1,683	1,683
Less accumulated depreciation	(6,725)	(5,182)
Total property & equipment	<u>63,151</u>	<u>70,604</u>
Total assets	<u>\$ 1,488,713</u>	<u>\$ 1,377,569</u>
Liabilities & net assets		
Current liabilities		
Accounts payable	\$ 43,146	\$ 16,777
Accrued payroll liabilities	3,283	3,291
Customer pre-payments	-	225
Deferred revenue	28,780	-
Lease liability	15,230	12,379
Total current liabilities	<u>90,439</u>	<u>32,672</u>
Long-term liabilities		
Lease liability	47,541	55,891
Total long-term liabilities	<u>47,541</u>	<u>55,891</u>
Total liabilities	137,980	88,563
Net assets		
With donor restrictions	193,000	87,500
Without donor restrictions	1,157,733	1,201,506
Total net assets	<u>1,350,733</u>	<u>1,289,006</u>
Total liabilities & net assets	<u>\$ 1,488,713</u>	<u>\$ 1,377,569</u>

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, 2023

	Audited 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Support & revenue			
Foundation contributions	\$ 163,221	\$ 192,000	\$ 355,221
Corporate contributions	213,039	1,000	214,039
Program service fees	44,429	-	44,429
Individual contributions	43,377	-	43,377
Affiliate contributions	23,000	-	23,000
Investment income	20,940	-	20,940
In-kind contributions	1,000	-	1,000
Special event revenue	167,614	-	167,614
Special event in-kind contributions	17,000	-	17,000
Less: cost of direct donor benefits	(37,948)	-	(37,948)
Special event revenue, net	146,666	-	146,666
Net assets released from restrictions	87,500	(87,500)	-
Total support & revenue	743,172	105,500	848,672
Expenses			
Program	629,099	-	629,099
Management & General	80,602	-	80,602
Fundraising	77,244	-	77,244
Total expenses	786,945	-	786,945
Changes in net assets	(43,773)	105,500	61,727
Net assets, beginning of year	1,201,506	87,500	1,289,006
Net assets, end of year	\$ 1,157,733	\$ 193,000	\$ 1,350,733

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, 2022

	Reviewed 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue & gain (loss)			
Foundation contributions	\$ 270,850	\$ 70,500	\$ 341,350
Corporate contributions	131,353	17,000	148,353
Individual contributions	46,356	-	46,356
Program service fees	31,690	-	31,690
Affiliate contributions	24,500	-	24,500
Dividends & interest	2,574	-	2,574
In-kind contributions	1,500	-	1,500
Special event revenue	147,952	-	147,952
Less: cost of direct donor benefits	(31,014)	-	(31,014)
Special event revenue, net	116,938	-	116,938
Loss on disposal of property & equipment	(382)	-	(382)
Net assets released from restrictions	109,000	(109,000)	-
Total support, revenue & gain (loss)	734,379	(21,500)	712,879
Expenses			
Program	535,744	-	535,744
Management & General	74,539	-	74,539
Fundraising	48,649	-	48,649
Total expenses	658,932	-	658,932
Changes in net assets	75,447	(21,500)	53,947
Net assets, beginning of year	1,126,059	109,000	1,235,059
Net assets, end of year	\$ 1,201,506	\$ 87,500	\$ 1,289,006

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, 2023**

**Audited
2023**

Expenses	Program	Management & General	Fundraising	Total
Salaries & wages	\$ 380,431	\$ 40,761	\$ 31,703	\$ 452,895
Payroll related expenses	13,133	1,407	1,094	15,634
Payroll taxes	29,624	3,174	2,469	35,267
Total payroll expenses	<u>423,188</u>	<u>45,342</u>	<u>35,266</u>	<u>503,796</u>
Accounting	-	15,845	-	15,845
Assistance to others	27,193	100	-	27,293
Conference & meeting	29,145	721	113	29,979
Contract & professional fees	55,917	2,376	900	59,193
Depreciation	-	1,543	-	1,543
Event expenses	-	-	70,451	70,451
Insurance	1,901	242	193	2,336
Marketing & outreach	45,194	4,520	3,751	53,465
Miscellaneous	662	1,538	1,232	3,432
Occupancy	14,033	1,383	1,144	16,560
Office expense	27,786	5,780	320	33,886
Other fees for service	3,717	398	310	4,425
Travel	363	814	1,512	2,689
Total expenses	<u>629,099</u>	<u>80,602</u>	<u>115,192</u>	<u>824,893</u>
Less expenses included with support & revenue in the Statement of Activities				
Cost of direct donor benefit	-	-	(37,948)	(37,948)
Total expenses	<u>\$ 629,099</u>	<u>\$ 80,602</u>	<u>\$ 77,244</u>	<u>\$ 786,945</u>

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, 2022**

**Reviewed
2022**

Expenses	Program	Management & General	Fundraising	Total
Salaries & wages	\$ 340,164	\$ 35,570	\$ 28,609	\$ 404,343
Payroll related expenses	18,815	2,683	1,474	22,972
Payroll taxes	28,642	4,085	2,244	34,971
Total payroll expenses	387,621	42,338	32,327	462,286
Accounting	-	16,840	-	16,840
Assistance to others	15,961	-	300	16,261
Conference & meeting	24,171	660	474	25,305
Contract & professional fees	45,399	8,262	-	53,661
Depreciation	-	1,383	-	1,383
Event expenses	1,075	-	42,676	43,751
Insurance	2,653	-	200	2,853
Marketing & outreach	7,798	2,093	-	9,891
Miscellaneous	4,441	-	652	5,093
Occupancy	13,788	1,365	1,061	16,214
Office expense	30,415	1,282	1,799	33,496
Other fees for service	2,216	316	174	2,706
Travel	206	-	-	206
Total expenses	535,744	74,539	79,663	689,946
Less expenses included with support & revenue in the Statement of Activities				
Cost of direct donor benefit	-	-	(31,014)	(31,014)
Total expenses	\$ 535,744	\$ 74,539	\$ 48,649	\$ 658,932

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

Arizona Council on Economic Education
Statements of Cash Flows
For the Years Ended December 31, 2023 and December 31, 2022

	Audited 2023	Reviewed 2022
Operating activities		
Change in net assets	\$ 61,727	\$ 53,947
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	1,543	1,383
Loss on disposal of property & equipment	-	382
(Increase) in investments	(74,270)	(1,982)
(Increase) decrease in accounts receivable	(855)	36,512
Decrease (increase) in prepaid assets	17,563	(21,466)
(Increase) in security deposit	-	(250)
Decrease in carrying amount of right-of-use asset	5,910	2,083
Increase in accounts payable	26,369	5,401
(Decrease) increase in accrued payroll liabilities	(8)	2,191
(Decrease) increase in customer pre-payments	(225)	225
Increase in deferred revenue	28,780	-
(Decrease) in lease liability	(5,499)	(771)
Net cash provided by operating activities	61,035	77,655
Investing activities		
Capitalization of right-of-use asset	(8,153)	(69,041)
Purchase of investments		(200,000)
Purchase of property & equipment	-	(3,632)
Net cash used in investing activities	(8,153)	(272,673)
Financing activities		
Capitalization of lease liability	8,153	69,041
Payments of note payable	-	
Net cash provided by financing activities	8,153	69,041
Net change in cash & cash equivalents	61,035	(125,977)
Cash & cash equivalents		
Beginning of year	823,846	949,823
End of year	\$ 884,881	\$ 823,846
Supplemental disclosure of cash flow information		
Cash paid for interest & taxes	\$ -	\$ -
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 16,341	\$ 1,234
Noncash financing & investing cash flow (post adoption)		
Right-of-use asset obtained in exchange for lease obligation:		
Operating leases	\$ 8,153	\$ 69,041

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

Arizona Council on Economic Education
Notes to the Financial Statements
For the Years Ended December 31, 2023 and December 31, 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Arizona Council on Economic Education (ACEE) is a statewide 501(C)(3) nonprofit organization dedicated to improving economic and financial literacy, entrepreneurship, and workforce development for all youth in Arizona. ACEE's mission is to reach and teach every Arizona student to become financially and economically responsible in work and life.

Founded in 1974, ACEE has served 2,249 public, charter, tribal, private, home, and juvenile detention schools with a network of more than 12,000 K-12 teachers in Arizona who use ACEE's professional development and curriculum resources regularly. ACEE's engaging student programs annually serve approximately 300,000 socioeconomically diverse and primarily low to moderate income students. ACEE has teacher, student, and community programs to achieve the mission. ACEE's 13,000 K-12 educators teach various subjects.

ACEE is viewed as a leader in financial literacy and economics education statewide and nationwide. ACEE has a strong academic base and affiliations with many universities and community colleges and provides proven economic education curriculum resources to schools free of charge. ACEE works closely with many private and public organizations, including the Arizona Department of Education and the Federal Reserve Banks.

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.

Accounts Receivable and Promises to Give

Accounts receivable consist of amounts due from students for the program.

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 accounts receivable and 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, 2023 and 2022, management expects the amounts to be fully collectible and therefore has not established an allowance for uncollectable receivables.

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 as well as fixed income securities. The Organization records donated investments at fair value on the date of donation. Thereafter, investments are converted to cash. Net investment income/(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.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Years Ended December 31, 2023 and December 31, 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 5 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	3-5 years
Computer Equipment	3-5 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.

There were no disposals for the year ended December 31, 2023. During the year ended December 31, 2022, the Organization disposed of three pieces of computer equipment. The cost of the assets was \$2,850, with accumulated depreciation of \$2,468, for a resulting loss on disposal of \$382.

Leases

At the beginning of an agreement or transaction, ACEE evaluates the arrangement for whether it contains a lease. When a lease is present and the term of the lease is greater than 12 months, the right-of-use (ROU) asset and lease liability are included on the Statement of Financial Position. These assets and liabilities represent the present value of the future minimum lease payments over the lease term. A discount rate is determined using the risk-free rate at the commencement date of the lease and is used in all present value calculations, including leases. For leases with terms less than 12 months, the lease payments are recorded as lease expense on a straight-line basis over the life of the lease.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Years Ended December 31, 2023 and December 31, 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Many individuals volunteer their time to help the Organization with programmatic activities. During the years ended December 31, 2023 and 2022 the Organization received approximately 2,414 and 1,438 volunteer hours respectively, that have not been recorded in the statement of activities.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Years Ended December 31, 2023 and December 31, 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The Organization separates costs by the major classes of expenses: Programs, Management & General, 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.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Recent Accounting Guidance

In June 2016, FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, to amend guidance on reporting credit losses for financial assets held at amortized costs basis and available-for-sale debt securities and create FASB Accounting Standards Codification (ASC) 326, Financial Instruments - Credit Losses. Topic 325 requires that the incurred loss impairment methodology in current GAAP be replaced with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Years Ended December 31, 2023 and December 31, 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through May 21, 2024, 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.

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:

	2023	2022
Financial assets:		
Cash & cash equivalents	\$ 884,881	\$ 823,846
Investments	526,269	451,998
Accounts receivable	2,055	1,200
Total financial assets	1,413,205	1,277,044
Less financial assets held to meet donor-imposed purpose restrictions (note 7):	193,000	87,500
Total amount available for general expenditures within one year	\$ 1,220,205	\$ 1,189,544

NOTE 3 – INVESTMENTS

ACEE reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The Organization’s investment assets are classified within Level 1 because they comprise assets with determinable fair values based on daily redemption values.

Arizona Council on Economic Education
Notes to the Financial Statements
For the Years Ended December 31, 2023 and December 31, 2022

NOTE 3 – INVESTMENTS (continued)

Investments consist of the following at December 31:

	2023			
	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ 108,416	\$ -	\$ -	\$ 108,416
Certificates of deposit	300,481	-	-	300,481
Invested cash	117,371	-	-	117,371
Total	\$ 526,268	\$ -	\$ -	\$ 526,268

At December 31, 2023 100% of total investments and 35% of total assets were held as investments for ACEE with a single investment company.

Investments consist of the following at December 31:

	2022			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 433,449	\$ -	\$ -	\$ 433,449
Invested cash	18,549	-	-	18,549
Total	\$ 451,998	\$ -	\$ -	\$ 451,998

At December 31, 2022, 100% of total investments and 33% of total assets were held as investments for ACEE with a single investment company.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable are estimated to be collected as follows at December 31:

	2023	2022
Due within one year	\$ 2,055	\$ 1,200
Due in one to five years	-	-
Due in over five years	-	-
	<u>2,055</u>	<u>1,200</u>
Less allowance for uncollectable accounts	-	-
Accounts receivable, net	\$ 2,055	\$ 1,200

Two contributors accounted for 46% of the total receivable balance at December 31, 2023, While two different contributors accounted for 83% of the total receivable balance at December 31, 2022.

No receivables were restricted by donors for specific purposes as of December 31, 2023 or 2022.

Arizona Council on Economic Education
Notes to the Financial Statements
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NOTE 5 – LINE OF CREDIT

The Organization has a credit card line of credit with Bank of America for \$40,000. Unpaid balances are reported as accounts payable. Amounts outstanding were \$39,281 and \$16,157 as of December 31, 2023 and 2022, respectively. Outstanding balances not paid in full on or before the due date bear interest at a rate of 26.49% for purchases and 29.49% for cash advances.

NOTE 6 - OPERATING LEASES

The Organization leases office space and equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2027. The equipment lease provides a renewal option of 12 months. ACEE includes in the determination of the right-of-use-assets and lease liabilities any options when they are reasonably certain to be exercised.

ACEE has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The weighted-average discount rate is based on the discount rate implicit in the lease. ACEE has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable and has applied the risk-free rate option to the office space and equipment classes of assets.

Upon adoption of ASC842, the Organization elected the package of practical expedients that permits no reassessment at adoption of (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases.

The right-of-use assets and corresponding liabilities associated with future lease payments as of the years ended December 31:

	Operating	
	2023	2022
Weighted average:		
Discount rate	4.04%	4.06%
Remaining lease term (in years)	3.78	4.83

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NOTE 6 - OPERATING LEASES (continued)

Future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

Year ending December 31,

2024	\$	17,434
2025		17,792
2026		18,151
2027		14,274
2028		-
Thereafter		-
Total lease payments		67,651
less interest		(4,880)
Present value of lease liabilities	\$	62,771

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to specified purpose:		
Money minutes K-12	\$ 120,000	\$ -
Smart path 23-24	20,000	-
Money minutes	5,000	5,000
Invest in girls	1,000	-
Money minutes - southern AZ	1,000	-
Math & financial literacy	1,000	-
Smart path	-	15,000
Financial education	-	2,000
Rural programs	-	10,000
Google career readiness	-	5,000
Entrepreneurialship & career readiness	-	30,000
Moneywise America	-	12,500
Teacher w/s fidelity	-	8,000
	148,000	87,500
Subject to time and specified purpose:		
Math in the real world	45,000	-
	45,000	-
Total net assets with donor restrictions	\$ 193,000	\$ 87,500

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NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

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

	2023	2022
Subject to specified purpose:		
Google career readiness	\$ 5,000	\$ -
Financial education	2,000	-
Rural programs	10,000	-
Money minutes	5,000	10,000
Entrepreneurialship & career readiness	30,000	-
Monewise America	12,500	-
Teacher fidelity workshop	8,000	-
Native American youth	-	6,000
Financial fitness	-	60,000
Get your game on	-	15,000
	<u>72,500</u>	<u>91,000</u>
Subject to time and specified purpose:		
Smart path	15,000	18,000
	<u>15,000</u>	<u>18,000</u>
Total net assets released from donor restrictions	\$ <u>87,500</u>	\$ <u>109,000</u>

In addition, \$319,000 and \$267,811 received during the years ended December 31, 2023 and 2022, respectively, were restricted by donors for specified purposes, which were satisfied during the year and were reported as contributions without donor restrictions.

NOTE 8 – CONCENTRATIONS OF REVENUE

The Organization receives revenue from individual and corporate contributions. The concentrations of revenue for the Organization for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Foundation contributions	40%	46%
Corporate contributions	24%	20%
Special event	19%	20%
Individual contributions	5%	6%
Program service fees	5%	4%
Other	4%	1%
Affiliate contributions	3%	3%
Total	<u>100%</u>	<u>100%</u>

6 donors accounted for 63% of corporate and foundation contributions and 40% of total revenue for the year ended December 31, 2023 while, one donor accounted for 20% of corporation and foundation contributions and 14% of total revenue for the year ended December 31, 2022.

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NOTE 9 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about changes in deferred revenue for the year ended December 31:

	2023	2022
Deferred revenue, beginning of year	\$ -	\$ -
Revenue recognized that was included in deferred revenue at the beginning of year	-	-
Increases in deferred revenue due to cash received during the year	28,780	-
Deferred revenue, end of year	\$ 28,780	\$ -

NOTE 10 – DONATED SERVICES AND IN-KIND CONTRIBUTIONS

ACEE received donated professional services and materials as follows during the years ended December 31:

2023	Management &			Total
	Program	General	Fundraising	
Contract & professional fees	\$ 1,000	\$ -	\$ -	\$ 1,000
Event expenses	-	-	17,000	17,000
Total	\$ 1,000	\$ -	\$ 17,000	\$ 18,000

2022	Management &			Total
	Program	General	Fundraising	
Office expense	\$ -	\$ -	\$ 1,500	\$ 1,500
Total	\$ -	\$ -	\$ 1,500	\$ 1,500

NOTE 11 – EMPLOYEE BENEFIT PLAN

The Organization has a SIMPLE Retirement Account Program for all full time employees who receive compensation of at least \$5,000 in a calendar year. Employees that choose to participate may elect to make salary deferral contributions and the plan requires an employer contribution of 100% of all eligible employee compensation up to 3% of compensation on a calendar basis.

The Organization contributed \$8,324 and \$7,796 for the years ended June 30, 2023 and 2022. As of the years ended June 30, 2023 and 2022, amounts due of \$3,283 and \$743, respectively, were included in accrued payroll liabilities.

NOTE 12 – 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 \$2,336 and \$2,853 during the years ended December 31, 2023 and 2022, respectively.