ECONOMICS CENTER FOR EDUCATION AND RESEARCH DBA THE ALPAUGH FAMILY ECONOMICS CENTER FOR EDUCATION AND RESEARCH

June 30, 2021

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

The Alpaugh Family
ECONOMICS CENTER

ECONOMICS CENTER FOR EDUCATION AND RESEARCH
DBA THE ALPAUGH FAMILY ECONOMICS CENTER FOR EDUCATION AND RESEARCH

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VonLehman
CPA & ADVISORY FIRM

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Economics Center for Education and Research
dba The Alpaugh Family Economics Center for Education and Research
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Economics Center for Education and Research dba The Alpaugh Family Economics Center for Education and Research, (a 501(c)(3) Nonprofit Center), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Managements' 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider 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 Economics Center for Education and Research dba The Alpaugh Family Economics Center for Education and Research as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

VonLehman & Company Inc.

Fort Wright, Kentucky
November 9, 2021

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ECONOMICS CENTER FOR EDUCATION AND RESEARCH
DBA THE ALPAUGH FAMILY ECONOMICS CENTER FOR EDUCATION AND RESEARCH
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30, 2021	June 30, 2020
Current Assets		
Cash and Cash Equivalents	$ 671,708	$ 336,048
Accounts Receivable	139,300	207,325
Unbilled Receivables	23,256	5,088
Unconditional Promises to Give, Net	-	309,429
Total Current Assets	834,264	857,890
Investments	2,337,605	1,869,747
Endowment Investments	1,578,976	363,282
Property, Equipment, and Software, Net	9,100	54,300
Unconditional Promises to Give, Net - Less Current Portion	1,113,677	1,869,000
Total Assets	$ 5,873,622	$ 5,014,219

LIABILITIES AND NET ASSETS

	2021	2020
Current Liabilities		
Accounts Payable	$ -	$ 67
Payable to Related Party	730	4,605
Refundable Advance - Payroll Protection Program	252,155	247,000
Deferred Revenue	3,630	22,841
Total Liabilities	256,515	274,513
Net Assets		
Without Donor Restrictions	2,209,406	1,397,995
With Donor Restrictions	3,407,701	3,341,711
Total Net Assets	5,617,107	4,739,706
Total Liabilities and Net Assets	$ 5,873,622	$ 5,014,219

See accompanying notes.

ECONOMICS CENTER FOR EDUCATION AND RESEARCH
DBA THE ALPAUGH FAMILY ECONOMICS CENTER FOR EDUCATION AND RESEARCH
STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains						
Contract Research	$ 417,004	$ -	$ 417,004	$ 432,522	$ -	$ 432,522
Contributions	404,634	42,626	447,260	527,289	2,469,000	2,996,289
Program Revenue	499,200	-	499,200	580,590	-	580,590
Program Fees and Tuition	69,479	-	69,479	90,359	-	90,359
Payroll Protection Program Revenue	247,000	-	247,000	-	-	-
Net Investment Return	651,429	23,364	674,793	(76,584)	(2,323)	(78,907)
In-Kind Contributions	163,697	-	163,697	171,253	-	171,253
Total Revenue, Support and Gains	2,452,443	65,990	2,518,433	1,725,429	2,466,677	4,192,106
Net Assets Released From Restrictions	-	-	-	1,017,056	(1,017,056)	-
Total Revenue, Support, Gains and Reclassifications	2,452,443	65,990	2,518,433	2,742,485	1,449,621	4,192,106
Expenses						
Program Services	1,323,234	-	1,323,234	1,927,919	-	1,927,919
Management and General	208,373	-	208,373	228,547	-	228,547
Fundraising and Development	109,425	-	109,425	108,398	-	108,398
Total Expenses	1,641,032	-	1,641,032	2,264,864	-	2,264,864
Change in Net Assets	811,411	65,990	877,401	477,621	1,449,621	1,927,242
Net Assets, Beginning of Year	1,397,995	3,341,711	4,739,706	920,374	1,892,090	2,812,464
Net Assets, End of Year	$ 2,209,406	$ 3,407,701	$ 5,617,107	$ 1,397,995	$ 3,341,711	$ 4,739,706

See accompanying notes.

ECONOMICS CENTER FOR EDUCATION AND RESEARCH
DBA THE ALPAUGH FAMILY ECONOMICS CENTER FOR EDUCATION AND RESEARCH
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2021				Year Ended June 30, 2020			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	$ 729,949	$ 128,493	$ 48,941	$ 907,383	$ 840,985	$ 137,453	$ 47,981	$ 1,026,419
Employee Benefits	150,421	26,984	10,278	187,683	172,160	28,168	9,880	210,208
Accounting, Legal and Contracted Services	22,181	20,751	-	42,932	21,655	17,951	-	39,606
Advertising and Promotion	40,669	2,578	28,891	72,138	49,101	2,731	26,617	78,449
Office Expenses	12,342	6,647	-	18,989	21,613	11,637	-	33,250
Overhead Expense (CECH)	18,981	-	-	18,981	17,289	-	-	17,289
Occupancy	93,330	20,276	11,614	125,220	93,330	20,276	11,614	125,220
Travel	-	-	-	-	1,341	3,862	-	5,203
Conferences, Conventions, and Meetings	4,127	2,644	9,701	16,472	8,339	6,469	12,306	27,114
Depreciation Expense	45,200	-	-	45,200	127,200	-	-	127,200
Tuition Expense	35,323	-	-	35,323	66,670	-	-	66,670
Program Expense	170,711	-	-	170,711	508,236	-	-	508,236
Total Expenses by Function	$ 1,323,234	$ 208,373	$ 109,425	$ 1,641,032	$ 1,927,919	$ 228,547	$ 108,398	$ 2,264,864

See accompanying notes.

ECONOMICS CENTER FOR EDUCATION AND RESEARCH
DBA THE ALPAUGH FAMILY ECONOMICS CENTER FOR EDUCATION AND RESEARCH
STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2021	2020
Cash Flows From Operating Activities		
Change in Net Assets	$ 877,401	$ 1,927,242
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	45,200	127,200
Net Investment Return on Investments	(674,742)	79,137
Changes In		
Accounts Receivable	68,025	(17,584)
Unbilled Receivables	(18,168)	(5,088)
Accounts Payable	(67)	(9,649)
Payable to Related Party	(3,875)	(16,045)
Refundable Advance - Payroll Protection Program	5,155	247,000
Deferred Revenue	(19,211)	(49,159)
Net Cash Provided by Operating Activities	279,718	2,283,054
Cash Flows From Investing Activities		
Purchase of Investments	(1,117,834)	(440,646)
Proceeds From Sale of Investments	109,024	89,489
Net Cash Used by Investing Activities	(1,008,810)	(351,157)
Cash Flows From Financing Activities		
Contributions Received for Endowment	-	(2,028,429)
Payments Received for Endowment, Net	1,064,752	-
Net Cash Provided (Used) by Financing Activities	1,064,752	(2,028,429)
Net Change in Cash and Cash Equivalents	335,660	(96,532)
Cash and Cash Equivalents, Beginning of Year	336,048	432,580
Cash and Cash Equivalents, End of Year	$ 671,708	$ 336,048

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Economics Center for Education and Research dba The Alpaugh Family Economics Center for Education and Research (the Center) is a nonprofit corporation established to promote understanding of basic economic principles primarily in the Greater Cincinnati area. The Center is affiliated with the Ohio Council on Economic Education and the National Council of Economic Education. The Center also receives funding from the University of Cincinnati (UC) to assist in carrying out its programs at UC.

The Center fulfills its mission by focusing its efforts on two primary programs: research and education. The research program focuses on economic impact analysis, public policy analysis, and modeling and statistical forecasting for a variety of clients in the community. The education program focuses on training teachers, developing classroom materials, and financial education and development of students. This is done through student programs such as the $martPath and StEP which are innovative and interactive financial and economic education platforms.

The Center's viability is dependent on the success of program services, contributions, grants, etc. and the Center's ability to collect on its contracts with customers.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

Accounts Receivable

Accounts receivable are stated at contractual outstanding balances, net of any allowance for doubtful accounts. Accounts are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. The Center begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on the Center's collection history, the financial stability and recent payment history of the grantors and clients, and other pertinent factors. Accounts receivables are written off as uncollectible after the Center has used reasonable collection efforts and deems them uncollectible. Based on these criteria, no allowance for doubtful accounts has been provided at June 30, 2021 and 2020 since the Center does not expect any material losses.

Contract Assets and Liabilities

Receivables from contracts with customers are reported as unbilled receivables in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue and refundable advance in the accompanying statements of financial position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

The Center records unconditional promises to give that are expected to be collected 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 contributions revenue in the statements of activities. The Center determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Based on these criteria, no allowance for uncollectible promises to give has been provided at June 30, 2021 and 2020 since the Center does not expect any material losses.

Investments

Investments if purchased are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less any external and direct internal investment expenses. Cash equivalents, and other securities and investments held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to $500,000 of protection for each brokerage account with a limit of $250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments.

Property, Equipment, and Software

Property, equipment, and software are stated at cost or, if donated, at fair value at date of donation, and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method for financial reporting purposes. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized for items in excess of $5,000.

The useful lives of property, equipment and software for purposes of computing depreciation are:

Software	5 Years
Vehicles	5 Years

Long-Lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell. Long-lived assets were measured for impairment. No adjustments were deemed necessary during both the years ended June 30, 2021 and 2020.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Center 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

Revenue from Contracts with Customers

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing service. The Center recognizes contract revenue for financial reporting purposes over time. Contracts with customers may include multiple performance obligations for which the consideration is allocated between performance obligations. Depending on the terms of the contract, the Center may defer the recognition of revenue and record a contract liability when a future performance obligation has not yet occurred. The Center’s contracts in progress at both June 30, 2021 and 2020 had a single performance obligation and were fixed price contracts.

Financial education services and tuition are recognized based on the school year in which the education is provided. Payment is required upon registration for the program or credit hours.

Accounting for research contracts performed over a period of time involves the use of various assumptions to estimate total contract revenue and costs. The Center estimates expected costs to complete a contract and recognizes contracted revenue over the life of the contract. Cost estimates are based on a project budget of expected hours and project expense and are developed based upon many variables including, but not limited to the scope of work; the complexity of the project; and the Center’s historical experience. The Center regularly performs reviews of contracts comparing performance to date with the current estimate to complete. These reviews include assessment of estimated hours of assigned staff and project costs incurred to date compared to project budgets. The Center recognizes these revenues at an amount to which it expects to be entitled, related to work performed in connection with the scope of the contract.

Revenue from Contributions

The Center recognizes contributions and program revenue from grants when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In April 2020 and February 2021, the Center received funding in the amount of $247,000 and $252,155, respectively, under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organizations. The loans and accrued interest are forgivable within a 24-week period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains other designated thresholds. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments until the date that the lender receives the forgiveness amount from the SBA. The Center used the proceeds for purposes consistent with the PPP. The Center accounts for the PPP Funding in accordance with ASC 958-605 Revenue Recognition for Nonprofit Entities. Revenue is recognized as eligible expenses and other conditions are substantially met or incurred. At June 30, 2021 and 2020 and for the years then ended the Center has recognized revenue of $247,000 and $-0-, respectively, and $252,155 and 247,000, respectively as a refundable advance as the Center has yet to satisfy the conditions. The Center considers formal forgiveness as a condition of recognizing the revenue. The Center received full forgiveness after year end.

Donated Office Space, Equipment, and In-Kind Contributions

Donations of office space, equipment, and in-kind contributions are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.

The Center has significant time contributed to its mission through volunteers. However, the statements of activities do not reflect the value of the services as they do not meet recognition criteria required under U.S. GAAP.

Advertising Costs

The Center expenses advertising costs as they are incurred.

Retirement Plan

The Center has a simplified employee pension plan (‘SEP”) covering employees paid by the Center. Employees paid through UC are not eligible for participation in the SEP. Under the plan, eligible employees may contribute a percentage of their salaries. The Center will contribute fifteen percent of their salary. By its nature, the plan is fully funded.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Economics Center for Education and Research dba The Alpaugh Family Economics Center for Education and Research is an Ohio nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes or related income pursuant to the Internal Revenue Code.

The Center has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Center recognized no interest or penalties in the statements of activities for either of the years ended June 30, 2021 and 2020. If the situation arose in which the Center would have interest to recognize, it would recognize this as interest expense and penalties would be recognized in other expenses. Currently, the prior three years are open under federal and state statutes of limitations and remain subject to review and change. The Center is not currently under audit nor has the Center been contacted by these jurisdictions.

Based on the evaluation of the Center's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for either of the years ended June 30, 2021 or 2020.

Recently Issued Significant Accounting Standard

Lease Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842.) The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, *Elements of Financial Statements,* and therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The ASU is effective for nonpublic entities for years beginning after December 15, 2021.

The Center is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Subsequent Events

The Center has evaluated subsequent events through November 9, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY

Financial assets available for general use and without donor or other restrictions limiting their use, within one year of the statements of financial position are comprised of the following:

	June 30, 2021	June 30, 2020
Cash and Cash Equivalents, Without Restrictions	$ 671,708	$ 335,001
Operating Investments, Without Restrictions	1,622,557	1,069,747
Unbilled Receivables	23,256	5,088
Accounts Receivable	139,300	207,325
Total Financial Assets Available	$ 2,456,821	$ 1,617,161

In addition to the above, the Center's Alpaugh Family Endowment allows for an annual distribution in accordance with its spending policy for operating expenses.

NOTE 3 – CASH AND CASH FLOWS

For purposes of the cash flows statements, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be a cash equivalent.

At various times throughout the year, the Center may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to $250,000 for each business depositor.

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give were as follows:

	June 30, 2021	June 30, 2020
Amounts Due in		
Less than One Year	$ -	$ 309,429
One to Five Years	702,051	1,500,000
Over Five Years	600,000	600,000
	1,302,051	2,409,429
Less Discount to Net Present Value at 3%	188,374	231,000
Unconditional Promises to Give, Net	$ 1,113,677	$ 2,178,429

NOTE 5 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

LEVEL 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

LEVEL 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

LEVEL 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodology used for assets and liabilities measured at fair value. There have been no changes in the methodologies used for either of the years ended June 30, 2021 or 2020.

UC Foundation Pooled Investments - Valued at the net asset value (NAV) of shares held by the UC Foundation at year end and allocated to the Center based upon its apportioned shares.

The preceding method described may provide a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following were measured at fair value as of June 30, 2021:

	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
UC Foundation Investment Pool	$ -	$ -	$ 3,916,581	$ 3,916,581

The following were measured at fair value as of June 30, 2020:

	(Level 1)	(Level 2)	(Level 3)	Total
UC Foundation Investment Pool	$ -	$ -	$ 2,233,029	$ 2,233,029

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	Years Ended June 30,	
	2021	2020
Balance, Beginning of Year	$ 2,233,029	$ 1,961,009
Net Investment Return	674,742	(79,137)
Purchases	1,117,834	440,646
Withdrawals	(109,024)	(89,489)
Balance, End of Year	$ 3,916,581	$ 2,233,029

Risks and Uncertainties

The Center invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credits risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect account balances and amounts reported in the statements of financial position.

NOTE 6 – PROPERTY, EQUIPMENT, AND SOFTWARE

Property, equipment, and software and related accumulated depreciation consists of the following:

	June 30, 2021	June 30, 2020
Software	$ 615,000	$ 615,000
Vehicles	21,000	21,000
	636,000	636,000
Less Accumulated Depreciation	626,900	581,700
Total Property, Equipment, and Software, Net	$ 9,100	$ 54,300

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	June 30, 2021	June 30, 2020
Subject to a Passage of Time:		
Unconditional Promise to Give		
The Alpaugh Family Economic Center Endowment	$ 1,113,677	$ 2,178,429
Subject to Spending Policy or Appropriations		
The Alpaugh Family Economics Center Endowment	21,079	3,642
Not Subject to Spending Policy or Appropriations		
The Alpaugh Family Endowment	1,397,949	290,571
The Susan Sargen StEP Fund	500,000	500,000
The Wachs Family Foundation	74,996	69,069
The George Vredeveld Legacy Fund	300,000	300,000
	2,272,945	1,159,640
Total Net Assets with Donor Restrictions	$ 3,407,701	$ 3,341,711

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	Years Ending June 30, 2021	Years Ending June 30, 2020
Satisfaction of Purpose Restrictions		
Fifth Third Foundation Professional Development	$ -	$ 250,000
Restricted-Time Distributions		
The Alpaugh Family Chair in Economics	-	767,056
Total Net Assets Released From Restrictions	$ -	$ 1,017,056

NOTE 8 – ENDOWMENTS

The Center's endowment consists of an individual fund established for support of graduate students in the field of economics. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the contributed value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Center retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instruction at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund are classified as net assets with donor restrictions net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Center and (7) the Center's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Center has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4.3% and 4.4% at June 30, 2021 and 2020, respectively, while growing the funds, if possible.

Therefore, the Center expects its endowment assets, over time, to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Center received a donor restricted endowment as a transfer from the University of Cincinnati Foundation in 2019. The endowment was transferred to the Center in an underwater position. At June 30, 2021 and 2020 the original gift to with a value of at $74,996, fair values of $85,347 and $69,069, respectively, and deficiencies of $0 and $5,927, respectively, were reported in net assets with donor restrictions.

Spending Policy. The Center has a policy of appropriating for annual distribution 4.3% and 4.4% at June 30, 2021 and 2020, respectively, of its endowment fund's average fair value using the following method: average value of the endowment using the trailing twelve quarters, In establishing this policy, the Center considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, all of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Center expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 7% annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

NOTE 8 – ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	With Donor Restrictions
Wachs Graduate Fund in Economics	$ 74,996
The Alpaugh Family Economics Center Endowment	1,397,949
Endowment Net Asset Composition by Type of Fund	$ 1,472,945

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Wachs Graduate Fund in Economics	The Alpaugh Family Economics Center Endowment	Total With Donor Restriction
Endowment Net Assets, Beginning of Year	$ 69,069	$ 290,571	$ 359,640
Contributions	-	1,107,378	1,107,378
Net Investment Return	5,927	-	5,927
Endowment Net Assets, End of Year	$ 74,996	$ 1,397,949	$ 1,472,945

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	With Donor Restrictions
Wachs Graduate Fund in Economics	$ 69,069
The Alpaugh Family Economics Center Endowment	290,571
Endowment Net Asset Composition by Type of Fund	$ 359,640

NOTE 8 – ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Wachs Graduate Fund in Economics	The Alpaugh Family Economics Center Endowment	Total With Donor Restriction
Endowment Net Assets, Beginning of Year	$ 75,034	$ -	$ 75,034
Contributions	-	290,571	290,571
Net Investment Return	(5,965)	-	(5,965)
Endowment Net Assets, End of Year	$ 69,069	$ 290,571	$ 359,640

NOTE 9 – DONATED OFFICE SPACE, EQUIPMENT, AND IN-KIND CONTRIBUTIONS

For the year ended June 30, 2021 the Center received donated office space, equipment, and in-kind contributions as follows:

	Program Services	Management and General	Fundraising and Development	Total
Facilities	$ 93,330	$ 20,276	$ 11,614	$ 125,220
Program Expenses	27,985	-	-	27,985
Professional Services	9,400	-	-	9,400
Miscellaneous	-	1,092	-	1,092
Total	$ 130,715	$ 21,368	$ 11,614	$ 163,697

For the year ended June 30, 2020 the Center received donated office space, equipment, and in-kind contributions as follows:

	Program Services	Management and General	Fundraising and Development	Total
Facilities	$ 93,330	$ 20,276	$ 11,614	$ 125,220
Program Expenses	45,916	-	-	45,916
Miscellaneous	-	117	-	117
Total	$ 139,246	$ 20,393	$ 11,614	$ 171,253

NOTE 10 – RETIREMENT PLAN EXPENSE

The Center's contributions and expenses related to the SEP during the years ended June 30, 2021 and 2020 were $41,876 and $44,538, respectively.

NOTE 11 – MARKETING AND ADVERTISING EXPENSE

The Center incurred marketing and advertising expense of $69,436 and $66,223 for the years ended June 30, 2021 and 2020, respectively.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Center has an ongoing agreement with the University of Cincinnati (UC) whereby UC serves as the host institution for the Center's programs. UC provides certain support activities and acts as an agent for the disbursement of funds. UC allocated $61,561 and $86,922 for the years ended June 30, 2021 and 2020, respectively, that the Center used for program expenses, including salaries and scholarships for students. UC also provided office space and industry research support of $125,220 for each of the years ended June 30, 2021 and 2020, and the amounts are recorded as in-kind contributions and expense in the statements of activities. As of June 30, 2021 and 2020, the Center had accounts payable totaling $730 and $4,605, respectively, to parties within UC.

NOTE 13 – RISKS AND UNCERTAINTIES- COVID-19 OUTBREAK

Prior to year-end, the World Health Organization announced a global health emergency later classified as a global pandemic as a result of the COVID-19 outbreak. The outbreak and response have impacted financial and economic markets across the World and within the United States. The full impact continues to evolve and as such, it is uncertain as to the full magnitude that the pandemic will have on the Center's financial condition, liquidity, and future results of operations. Management is actively monitoring the possible effects on every aspect of the Center.