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

June 30, 2020

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

EconomicsCenter

VonLehman
CPA & ADVISORY FIRM

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ECONOMICS CENTER FOR EDUCATION AND RESEARCH
DBA THE ALPAUGH FAMILY ECONOMICS CENTER FOR EDUCATION AND RESEARCH
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INDEPENDENT AUDITORS' REPORT
WILL BE PRESENTED IN THE FINAL REPORT

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

ASSETS

	June 30, 2020	June 30, 2019
Current Assets		
Cash and Cash Equivalents	$ 336,048	$ 432,580
Accounts Receivable	207,325	189,741
Unbilled Receivables	5,088	-
Unconditional Promises to Give, Net	309,429	50,000
Total Current Assets	857,890	672,321
Investments	1,869,747	1,885,975
Endowment Investments	363,282	75,034
Property, Equipment, and Software, Net	54,300	181,500
Unconditional Promises to Give, Net - Less Current Portion	1,869,000	100,000
Total Assets	$ 5,014,219	$ 2,914,830

LIABILITIES AND NET ASSETS

	2020	2019
Current Liabilities		
Accounts Payable	$ 67	$ 9,716
Payable to Related Party	4,605	20,650
Refundable Advance - Payroll Protection Program	247,000	-
Deferred Revenue	22,841	72,000
Total Liabilities	274,513	102,366
Net Assets		
Without Donor Restrictions	1,397,995	920,374
With Donor Restrictions	3,341,711	1,892,090
Total Net Assets	4,739,706	2,812,464
Total Liabilities and Net Assets	$ 5,014,219	$ 2,914,830

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, 2020			Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains						
Contract Research	$ 432,522	$ -	$ 432,522	$ 573,761	$ -	$ 573,761
Contributions	527,289	2,469,000	2,996,289	1,014,261	74,996	1,089,257
Program Revenue	580,590	-	580,590	308,723	-	308,723
Program Fees and Tuition	90,359	-	90,359	144,354	-	144,354
Net Investment Return	(76,584)	(2,323)	(78,907)	72,585	8,369	80,954
In-Kind Contributions	171,253	-	171,253	171,140	-	171,140
Total Revenue, Support and Gains	1,725,429	2,466,677	4,192,106	2,284,824	83,365	2,368,189
Net Assets Released From Restrictions	1,017,056	(1,017,056)	-	370,000	(370,000)	-
Total Revenue, Support, Gains and Reclassifications	2,742,485	1,449,621	4,192,106	2,654,824	(286,635)	2,368,189
Expenses						
Program Services	1,927,919	-	1,927,919	2,060,211	-	2,060,211
Management and General	228,547	-	228,547	241,006	-	241,006
Fundraising and Development	108,398	-	108,398	152,414	-	152,414
Total Expenses	2,264,864	-	2,264,864	2,453,631	-	2,453,631
Change in Net Assets	477,621	1,449,621	1,927,242	201,193	(286,635)	(85,442)
Net Assets, Beginning of Year	920,374	1,892,090	2,812,464	719,181	2,178,725	2,897,906
Net Assets, End of Year	$ 1,397,995	$ 3,341,711	$ 4,739,706	$ 920,374	$ 1,892,090	$ 2,812,464

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, 2020				Year Ended June 30, 2019			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	$ 840,985	$ 137,453	$ 47,981	$ 1,026,419	$ 854,868	$ 146,758	$ 47,167	$ 1,048,793
Employee Benefits	172,160	28,168	9,880	210,208	191,250	32,492	10,523	234,265
Accounting, Legal and Contracted Services	21,655	17,951	-	39,606	31,554	16,108	-	47,662
Advertising and Promotion	49,101	2,731	26,617	78,449	106,495	3,775	45,040	155,310
Office Expenses	21,613	11,637	-	33,250	21,778	11,730	-	33,508
Overhead Expense (CECH)	17,289	-	-	17,289	27,307	-	-	27,307
Occupancy	93,330	20,276	11,614	125,220	93,330	20,276	11,614	125,220
Travel	1,341	3,862	-	5,203	3,688	983	-	4,671
Conferences, Conventions,				-				
and Meetings	8,339	6,469	12,306	27,114	9,379	8,884	38,070	56,333
Depreciation Expense	127,200	-	-	127,200	126,500	-	-	126,500
Tuition Expense	66,670	-	-	66,670	113,375	-	-	113,375
Program Expense	508,236	-	-	508,236	480,687	-	-	480,687
Total Expenses by Function	$ 1,927,919	$ 228,547	$ 108,398	$ 2,264,864	$ 2,060,211	$ 241,006	$ 152,414	$ 2,453,631

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, 2020	2019
Cash Flows From Operating Activities		
Change in Net Assets	$ 1,927,242	$ (85,442)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	127,200	126,500
Net Investment Return on Investments	79,137	(80,831)
Changes In		
Accounts Receivable	(17,584)	(2,702)
Unbilled Receivables	(5,088)	-
Unconditional Promises to Give, Net	-	300,000
Accounts Payable	(9,649)	4,875
Payable to Related Party	(16,045)	600
Refundable Advance - Payroll Protection Program	247,000	-
Deferred Revenue	(49,159)	(50,000)
Net Cash Flows Provided by Operating Activities	2,283,054	213,000
Cash Flows From Investing Activities		
Purchase of Property, Equipment, and Software	-	(21,000)
Purchase of Investments	(440,646)	(390,478)
Proceeds From Sale of Investments	89,489	234,739
Net Cash Flows Used by Investing Activities	(351,157)	(176,739)
Cash Flows From Financing Activities		
Unconditional Promises to Give, Net	(2,028,429)	-
Net Change in Cash and Cash Equivalents	(96,532)	36,261
Cash and Cash Equivalents, Beginning of Year	432,580	396,319
Cash and Cash Equivalents, Ending of Year	$ 336,048	$ 432,580

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'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, 2020 and 2019 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 financial statements of financial position. Contract liabilities are reported as deferred revenue and refundable advance in the accompanying statements of financial position.

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 ears are initially recorded as 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 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, 2020 and 2019 since the Center does not expect any material losses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, market value at date of donation, and depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. Maintenance and repairs are charged to operations when they occur. Betterments and renewals are capitalized for items in excess of $5,000.

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, 2020 and 2019.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 and 2019 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 in 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 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 measureable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

In April, 2020, the Center received funding in the amount of $247,000, 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 five 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 intends to use 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, 2020, the Center has recognized revenue of $-0- and $247,000 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 don't 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.

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 both of the years ended June 30, 2020 and 2019. 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, 2020 or 2019.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform with the presentation in the current year. The reclassifications had no impact on previously reported net assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Significant Accounting Standards

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.

Change in Accounting Principle

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Center has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and contributions Made* (Topic 958). This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Center has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements.

Collectively, the new Topic 606 and 958 will be referred to as the "new guidance."

The Center adopted the requirements of the new guidance as of July 1, 2019, utilizing the modified retrospective method of transition. However, the adopt of this new guidance did not result in the Center changing its policies for recognizing revenue and thus no cumulative adjustment to the Center's net assets as of July 1, 2019 was necessary. The amounts reported in the financial statements for 2019 are the same amounts that would have been reported under the former guidance. The Center did apply the new guidance using the practical expedient provided in Topic 606 and 958 that allows the guidance to be applied only to contracts and contributions that were not complete as of July 1, 2019. The effects of applying this practical expedient were not significant to the financial statements.

NOTE 2 – LIQUIDITY

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

	June 30,	
	2020	2019
Cash and Cash Equivalents, Without Restrictions	$ 336,048	432,580
Operating Investments, Without Restrictions	1,060,140	218,919
Accounts Receivable	207,325	189,741
Unconditional Promises to Give, Without Restrictions	-	50,000
Total Financial Assets Available	$ 1,603,513	891,240

In addition to the above, the Center's Alpaugh Family Endowment allows for an annual distribution of 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,	
	2020	2019
Amounts Due in		
Less than One Year	$ 309,429	$ 50,000
One to Five Years	1,500,000	100,000
Over Five Years	600,000	-
	2,409,429	150,000
Less Discount to Net Present Value at 3%	231,000	-
Unconditional Promises to Give, Net	$ 2,178,429	$ 150,000

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.

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, 2020 or 2019.

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, 2020:

	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	$ -	$ -	$ 2,233,029	$ 2,233,029

The following were measured at fair value as of June 30, 2019:

	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	$ -	$ -	$ 1,961,009	$ 1,961,009

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

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

	Years Ended June 30, 2020	2019
Balance, Beginning of Year	$ 1,961,009	$ 1,724,439
Net Investment Return	(79,137)	80,831
Purchases	440,646	390,478
Withdrawals	(89,489)	(234,739)
Balance, End of Year	$ 2,233,029	$ 1,961,009

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, 2020	2019
Software	$ 615,000	$ 615,000
Vehicles	21,000	21,000
	636,000	636,000
Less Accumulated Depreciation	581,700	454,500
Total Property, Equipment, and Software, Net	$ 54,300	$ 181,500

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	June 30, 2020	June 30, 2019
Subject to a Expenditure for Specific Purpose:		
Fifth Third Foundation Professional Development	$ -	$ 250,000
Subject to a Passage of Time:		
Unconditional Promise to Give		
The Alpaugh Family Economic Center Endowment	2,178,429	-
The Alpaugh Family Chair in Economics	-	767,056
	2,178,429	1,017,056
Subject to Spending Policy or Appropriations		
The Alpaugh Family Economics Center Endowment	3,642	-
Not Subject to Spending Policy or Appropriations		
The Alpaugh Family Endowment	290,571	-
The Susan Sargen StEP Fund	500,000	500,000
The Wachs Family Foundation	69,069	75,034
The George Vredeveld Legacy Fund	300,000	300,000
	1,159,640	875,034
Total Net Assets with Donor Restrictions	$ 3,341,711	$ 1,892,090

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:

	2020	2019
Satisfaction of Purpose Restrictions		
Fifth Third Foundation Professional Development	$ 250,000	$ 250,000
Restricted-Time Distributions		
The Alpaugh Family Chair in Economics	767,056	120,000
Total Net Assets Released From Restrictions	$ 1,017,056	$ 370,000

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.

NOTE 8 – ENDOWMENTS (Continued)

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 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 4.4% and 4.5% at June 30, 2020 and 2019, 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, 2020 and 2019 the original gift with a value of $100,000, fair values of $69,069 and 75,034, and deficiencies of $30,931 and $24,966, respectively, were reported in net assets with donor restrictions.

Spending Policy. The Center has a policy of appropriating for annual distribution of 4.4% and 4.5% at June 30, 2020 and 2019, respectively, its endowment fund's average fair value using one of the following methods: 1) 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, 2020 is as follows:

		With Donor Restrictions
Wachs Graduate Fund in Economics	$	69,069
The Alpaugh Family Economics Center Endowment		294,213
Endowment Net Asset Composition by Type of Fund	$	363,282

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)		3,642		(2,323)
Endowment Net Assets, End of Year	$	69,069	$	294,213	$	363,282

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

		With Donor Restrictions
Wachs Graduate Fund in Economics	$	75,034

NOTE 8 – ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	With Donor Restrictions
Endowment Net Assets, Beginning of Year	$ -
Contributions	74,996
Net Investment Return	38
Endowment Net Assets, End of Year	$ 75,034

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

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

For the year ended June 30, 2019 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
Marketing	-	-	25,000	25,000
Program Expenses	19,401	-	-	19,401
Miscellaneous	-	1,519	-	1,519
Total	$ 112,731	$ 21,795	$ 36,614	$ 171,140

NOTE 10 – RETIREMENT PLAN EXPENSE

The Center's contributions and expenses related to the SEP during the years ended June 30, 2020 and 2019 were $44,538 and $42,318, respectively.

NOTE 11 – MARKETING AND ADVERTISING EXPENSE

The Center incurred marketing and advertising expense of $66,223 and $136,649 for the years ended June 30, 2020 and 2019, 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 $86,922 and $86,179 for the years ended June 30, 2020 and 2019, 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 both years ended June 30, 2020 and 2019, and the amounts are recorded as in-kind contributions and expense in the statements of activities. As of June 30, 2020 and 2019, the Center had accounts payable totaling $4,605 and $20,650, respectively, to parties within UC.

NOTE 13 – SUBSEQUENT EVENTS

The Center has evaluated subsequent events through ______, 2020, which is the date the financial statements were available to be issued.

As of and subsequent to the date of these financial statements, the world has been responding to an outbreak of respiratory disease caused by a novel coronavirus. This coronavirus outbreak has been declared a pandemic by the World Health Organization, and declared a national emergency in the United States. The outbreak and response has impacted financial and economic markets across the world and within the United States. While the Center continues to monitor this emergency and adjust accordingly, the impact to the Center is uncertain as of the date of these financial statements, and as such no adjustment has been made to these financial statements as a result.