The Alpaugh Family Economics Center at the University of Cincinnati

June 30, 2023

Financial Statements and Independent Auditors' Report

THE ALPAUGH FAMILY ECONOMICS CENTER AT THE UNIVERSITY OF CINCINNATI
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VonLehman
CPA & ADVISORY FIRM

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Alpaugh Family Economics Center
at the University of Cincinnati
Cincinnati, Ohio

Opinion

We have audited the accompanying financial statements of The Alpaugh Family Economics Center at the University of Cincinnati, (a 501(c)(3) Nonprofit Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Alpaugh Family Economics Center at the University of Cincinnati as of June 30, 2023 and 2022, and the changes in its nets assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auding standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Alpaugh Family Economics Center at the University of Cincinnati and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 The Alpaugh Family Economics Center at the University of Cincinnati's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 The Alpaugh Family Economics Center at the University of Cincinnati's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of the 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Alpaugh Family Economics Center at the University of Cincinnati'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 audits.

VonLehman & Company Inc.

Fort Wright, Kentucky
November 14, 2023

THE ALPAUGH FAMILY ECONOMICS CENTER AT THE UNIVERSITY OF CINCINNATI
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30, 2023	June 30, 2022
Current Assets		
Cash and Cash Equivalents	$ 1,153,220	$ 924,940
Accounts Receivable	124,625	136,850
Unbilled Receivables	8,625	4,875
Unconditional Promises to Give, Net	109,551	7,500
Total Current Assets	1,396,021	1,074,165
Investments	2,351,428	2,335,077
Endowment Investments	1,541,544	1,545,111
Property, Equipment, and Software, Net	700	4,900
Unconditional Promises to Give, Net - Less Current Portion	1,106,591	1,180,261
Total Assets	$ 6,396,284	$ 6,139,514

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities		
Accounts Payable	$ 5,585	$ -
Deferred Revenue	6,770	2,410
Total Liabilities	12,355	2,410
Net Assets		
Without Donor Restrictions	2,826,243	2,601,232
With Donor Restrictions	3,557,686	3,535,872
Total Net Assets	6,383,929	6,137,104
Total Liabilities and Net Assets	$ 6,396,284	$ 6,139,514

See accompanying notes.

THE ALPAUGH FAMILY ECONOMICS CENTER AT THE UNIVERSITY OF CINCINNATI
STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains						
Contract Research	$ 455,937	$ -	$ 455,937	$ 537,079	$ -	$ 537,079
Program Fees and Tuition	92,239	-	92,239	57,743	-	57,743
Contributions	591,147	35,881	627,028	587,178	74,084	661,262
Program Revenue	641,999	-	641,999	601,696	-	601,696
Payroll Protection Program Revenue	-	-	-	252,155	-	252,155
In-Kind Contributions	238,860	-	238,860	204,437	-	204,437
Net Investment Return	180,891	(6,567)	174,324	116,394	(30,865)	85,529
Total Revenue, Support and Gains	2,201,073	29,314	2,230,387	2,356,682	43,219	2,399,901
Net Assets Released From Restrictions	7,500	(7,500)	-	-	-	-
Total Revenue, Support, Gains and Reclassifications	2,208,573	21,814	2,230,387	2,356,682	43,219	2,399,901
Expenses						
Program Services	1,594,841	-	1,594,841	1,521,577	-	1,521,577
Management and General	234,815	-	234,815	216,726	-	216,726
Fundraising and Development	153,906	-	153,906	141,601	-	141,601
Total Expenses	1,983,562	-	1,983,562	1,879,904	-	1,879,904
Change in Net Assets	225,011	21,814	246,825	476,778	43,219	519,997
Net Assets, Beginning of Year	2,601,232	3,535,872	6,137,104	2,124,454	3,492,653	5,617,107
Net Assets, End of Year	$ 2,826,243	$ 3,557,686	$ 6,383,929	$ 2,601,232	$ 3,535,872	$ 6,137,104

See accompanying notes.

THE ALPAUGH FAMILY ECONOMICS CENTER AT THE UNIVERSITY OF CINCINNATI
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2023				Year Ended June 30, 2022			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	$ 857,182	$ 136,872	$ 52,764	$ 1,046,818	$ 754,525	$ 132,091	$ 50,165	$ 936,781
Employee Benefits	200,743	33,929	13,330	248,002	171,480	30,027	11,614	213,121
Accounting, Legal and Contracted Services	26,145	29,504	-	55,649	19,508	20,265	-	39,773
Advertising and Promotion	124,356	3,120	32,823	160,299	80,539	2,743	30,116	113,398
Office Expenses	10,740	6,022	-	16,762	13,948	8,039	-	21,987
Overhead Expense (CECH)	22,831	-	-	22,831	28,094	-	-	28,094
Occupancy	97,997	21,290	12,113	131,400	93,330	20,276	11,614	125,220
Conferences, Conventions, and Meetings	17,017	4,078	42,876	63,971	8,751	3,285	38,092	50,128
Depreciation Expense	4,200	-	-	4,200	4,200	-	-	4,200
Tuition Expense	35,264	-	-	35,264	23,879	-	-	23,879
Program Expense	198,366	-	-	198,366	323,323	-	-	323,323
Total Expenses by Function	$ 1,594,841	$ 234,815	$ 153,906	$ 1,983,562	$ 1,521,577	$ 216,726	$ 141,601	$ 1,879,904

See accompanying notes.

THE ALPAUGH FAMILY ECONOMICS CENTER AT THE UNIVERSITY OF CINCINNATI
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2023	**2022**
Cash Flows From Operating Activities		
Change in Net Assets	$ 246,825	$ 519,997
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	4,200	4,200
Donated Stock	-	(20,051)
Net Investment Return on Investments	(156,466)	(82,996)
Changes In		
Accounts Receivable	12,225	2,450
Unbilled Receivables	(3,750)	18,381
Unconditional Promises to Give, Net	(28,381)	(74,084)
Accounts Payable	5,585	-
Payable to Related Party	-	(730)
Refundable Advance - Payroll Protection Program	-	(252,155)
Deferred Revenue	4,360	(1,220)
Net Cash Provided by Operating Activities	84,598	113,792
Cash Flows From Investing Activities		
Purchase of Investments	(162)	(749)
Proceeds From Sale of Investments	143,844	140,189
Net Cash Provided by Investing Activities	143,682	139,440
Net Change in Cash and Cash Equivalents	228,280	253,232
Cash and Cash Equivalents, Beginning of Year	924,940	671,708
Cash and Cash Equivalents, End of Year	$ 1,153,220	$ 924,940

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Alpaugh Family Economics Center at the University of Cincinnati (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 is 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, 2023 and 2022 since the Center does not expect any material losses.

Contract Assets and Liabilities

Contract assets are reported as unbilled receivables in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue 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, 2023 and 2022 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, 2023 and 2022.

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, 2023 and 2022 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), provided 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 were forgivable within a 24-week period as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained other designated thresholds. The unforgiven portion of the PPP loan was payable over two years at an interest rate of 1%, with a deferral of payments until the date that the lender received the forgiveness amount from the SBA. The Center used the proceeds for purposes consistent with the PPP. The Center accounted for the PPP Funding in accordance with ASC 958-605 Revenue Recognition for Nonprofit Entities. Revenue was recognized as eligible expenses and other conditions were substantially met or incurred. At June 30, 2023 and 2022 and for the years then ended the Center has recognized revenue of $-0- and $252,155, respectively. The Center considers formal forgiveness as a condition of recognizing the revenue. The Center received full forgiveness on all refundable advances.

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 Alpaugh Family Economics Center at the University of Cincinnati 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, 2023 and 2022. 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, 2023 or 2022.

Adoption of New Accounting Standards

Lease Accounting Standard

Effective July 1, 2022, the Center adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Center elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Center to initially apply the new lease standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. As a result, the Center reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

The Center elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Center also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

The adoption of FASB ASC 842, *Leases*, had no material impact on the Center’s financial statements as of July 1, 2022.

Subsequent Events

The Center has evaluated subsequent events through November 14, 2023, 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, 2023	June 30, 2022
Cash and Cash Equivalents	$ 1,153,220	$ 924,940
Investments	3,892,972	3,880,188
Unbilled Receivables	8,625	4,875
Accounts Receivable	124,625	136,850
Unconditional Promises to Give, Net	1,216,142	1,187,761
Total Financial Assets	6,395,584	6,134,614
Restricted Assets		
Donor Restricted Assets	3,557,686	3,535,872
Total Financial Assets Available	$ 2,837,898	$ 2,598,742

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:

	2023	2022
Amounts Due in		
Less than One Year	$ 109,551	$ 7,500
One to Five Years	1,230,000	1,032,051
Over Five Years	-	307,500
	1,339,551	1,347,051
Less Discount to Net Present Value at 3%	123,409	159,290
Unconditional Promises to Give, Net	$ 1,216,142	$ 1,187,761

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, 2023 or 2022.

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.

All investments at June 30, 2023 and 2022 were held at a Level 3.

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

	Years Ended June 30, 2023	2022
Balance, Beginning of Year	$ 3,880,188	$ 3,916,581
Net Investment Return	156,466	82,996
Donated Stock	-	20,051
Purchases	162	749
Withdrawals	(143,844)	(140,189)
Balance, End of Year	$ 3,892,972	$ 3,880,188

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, 2023	June 30, 2022
Software	$ 615,000	$ 615,000
Vehicles	21,000	21,000
	636,000	636,000
Less Accumulated Depreciation	635,300	631,100
Total Property, Equipment, and Software, Net	$ 700	$ 4,900

NOTE 7 – CONTRACT BALANCES

Accounts receivable and contract balances from contracts with customers were as follows:

	2023	2022
Accounts Receivable		
Beginning of Year	$ 136,850	$ 139,300
End of Year	$ 124,625	$ 136,850
Unbilled Receivables		
Beginning of Year	$ 4,875	$ 23,256
End of Year	$ 8,625	$ 4,875
Deferred Revenue		
Beginning of Year	$ 2,410	$ 3,630
End of Year	$ 6,770	$ 2,410
Refundable Advance		
Beginning of Year	$ -	$ 252,155
End of Year	$ -	$ -

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	June 30, 2023	June 30, 2022
Subject to a Passage of Time		
Unconditional Promise to Give		
Bachrach Pledge	$ 34,350	$ 40,627
The Alpaugh Family Economic Center Endowment	1,181,792	1,147,134
	1,216,142	1,187,761
Subject to Spending Policy or Appropriations		
The Wachs Family Foundation	10,039	12,476
The Alpaugh Family Economics Center Endowment	58,560	62,690
	68,599	75,166
Not Subject to Spending Policy or Appropriations		
The Alpaugh Family Endowment	1,397,949	1,397,949
The Susan Sargen StEP Fund	500,000	500,000
The Wachs Family Foundation	74,996	74,996
The George Vredeveld Legacy Fund	300,000	300,000
	2,272,945	2,272,945
Total Net Assets with Donor Restrictions	$ 3,557,686	$ 3,535,872

NOTE 9 – 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.

NOTE 9 – ENDOWMENTS (Continued)

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 4.1% and 4.3% at June 30, 2023 and 2022, 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. The original gift at transfer had a value of $74,996, the fair value was $85,035 and $84,472 at June 30, 2023 and 2022, respectively.

Spending Policy. The Center has a policy of appropriating for annual distribution 4.1% and 4.2% at June 30, 2023 and 2022, 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.

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	With Donor Restrictions
Wachs Graduate Fund in Economics	$ 85,035
The Alpaugh Family Economics Center Endowment	1,456,509
Endowment Net Asset Composition by Fund Type	$ 1,541,544

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	With Donor Restrictions
Wachs Graduate Fund in Economics	$ 87,472
The Alpaugh Family Economics Center Endowment	1,460,639
Endowment Net Asset Composition by Fund Type	$ 1,548,111

NOTE 9 – ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Wachs Graduate Fund in Economics	The Alpaugh Family Economics Center Endowment	Total With Donor Restriction
Endowment Net Assets, Beginning of Year	$ 87,472	$ 1,460,639	$ 1,548,111
Net Investment Return	(2,437)	(4,130)	(6,567)
Endowment Net Assets, End of Year	$ 85,035	$ 1,456,509	$ 1,541,544

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

Endowment Net Assets, Beginning of Year	$ 85,347	$ 1,493,629	$ 1,578,976
Net Investment Return	2,125	(32,990)	(30,865)
Endowment Net Assets, End of Year	$ 87,472	$ 1,460,639	$ 1,548,111

NOTE 10 – DONATED OFFICE SPACE, EQUIPMENT, AND IN-KIND CONTRIBUTIONS

For the years ended June 30, 2023 and 2022 the Center received donated office space, equipment, and in-kind contributions as follows:

Donated Goods and Services Category	Types of Contributions	Program or Activity Usage	Valuation	2023	2022
Facilities	Office Space and Equipment Usage	All Programs	Standard Pricing for Similar Space and Equipment	$ 131,400	$ 125,220
Program Supplies	On-site Supplies for StEP Program	StEP Program	Standard Industry Pricing for Similar Services	28,581	22,335
Marketing	Digital, Broadcast, and Billboard Campaigns	All Programs	Third-party Estimates Using Rates in Like Circumstances	78,824	55,606
Postage	Postage	All Programs	Direct Cost of Postage Used	55	1,276
Total				$ 238,860	$ 204,437

NOTE 11 – RETIREMENT PLAN EXPENSE

The Center's contributions and expenses related to the SEP during the years ended June 30, 2023 and 2022 were $30,036 and $40,819, respectively.

NOTE 12 – MARKETING AND ADVERTISING EXPENSE

The Center incurred marketing and advertising expense of $132,795 and $113,249 for the years ended June 30, 2023 and 2022, respectively.

NOTE 13 – 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 $63,900 and $47,474 for the years ended June 30, 2023 and 2022, respectively, that the Center used for program expenses, including salaries and scholarships for students. UC also provided office space and industry research support of $131,400 and $125,220 for the years ended June 30, 2023 and 2022, respectively, and the amounts are recorded as in-kind contributions and expense in the statements of activities.