

Financial Statements for

**THE ALPAUGH FAMILY ECONOMICS CENTER  
AT THE UNIVERSITY OF CINCINNATI**

**Years Ended June 30, 2025 and 2024**

With Independent Auditor's Report

**THE ALPAUGH FAMILY ECONOMICS CENTER AT THE UNIVERSITY OF CINCINNATI  
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## INDEPENDENT AUDITOR'S 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, 2025 and 2024, 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, 2025 and 2024, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

*Dean Dotson Allen Ford, PLLC*

Fort Wright, Kentucky  
November 10, 2025

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

**ASSETS**

	June 30,	
	2025	2024
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,835,265	\$ 1,488,426
Accounts Receivable	182,493	103,767
Unbilled Receivables	7,315	10,564
Unconditional Promises to Give, Net	29,234	17,000
Total Current Assets	2,054,307	1,619,757
<b>Investments</b>	2,653,648	2,475,476
<b>Endowment Investments</b>	2,453,324	2,310,087
<b>Unconditional Promises to Give, Net - Less Current Portion</b>	572,372	590,589
<b>Total Assets</b>	\$ 7,733,651	\$ 6,995,909

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Deferred Revenue	\$ 6,605	\$ 5,485
<b>Net Assets</b>		
Without Donor Restrictions	3,856,912	3,272,747
With Donor Restrictions	3,870,134	3,717,677
Total Net Assets	7,727,046	6,990,424
<b>Total Liabilities and Net Assets</b>	\$ 7,733,651	\$ 6,995,909

See accompanying notes.

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

	Year Ended June 30, 2025			Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>						
Contract Research	\$ 697,629	\$ -	\$ 697,629	\$ 682,458	\$ -	\$ 682,458
Program Fees and Tuition	74,790	-	74,790	48,065	-	48,065
Contributions	457,713	22,269	479,982	447,674	66,064	513,738
Program Revenue	534,000	-	534,000	563,750	-	563,750
In-Kind Contributions	355,785	-	355,785	286,733	-	286,733
Net Investment Return	397,997	139,688	537,685	304,679	93,927	398,606
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue, Support and Gains	2,517,914	161,957	2,679,871	2,333,359	159,991	2,493,350
<b>Net Assets Released From Restrictions</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,500	(9,500)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue, Support, Gains and Reclassifications	2,527,414	152,457	2,679,871	2,333,359	159,991	2,493,350
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenses</b>						
Program Services	1,581,741	-	1,581,741	1,534,210	-	1,534,210
Management and General	214,018	-	214,018	212,032	-	212,032
Fundraising and Development	147,490	-	147,490	140,613	-	140,613
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	1,943,249	-	1,943,249	1,886,855	-	1,886,855
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Change in Net Assets	584,165	152,457	736,622	446,504	159,991	606,495
<b>Net Assets, Beginning of Year</b>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,272,747	3,717,677	6,990,424	2,826,243	3,557,686	6,383,929
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Assets, End of Year</b>	<u>\$ 3,856,912</u>	<u>\$ 3,870,134</u>	<u>\$ 7,727,046</u>	<u>\$ 3,272,747</u>	<u>\$ 3,717,677</u>	<u>\$ 6,990,424</u>

See accompanying notes.

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

	Year Ended June 30, 2025				Year Ended June 30, 2024			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	\$ 815,480	\$ 124,648	\$ 49,979	\$ 990,107	\$ 773,275	\$ 123,474	\$ 47,599	\$ 944,348
Employee Benefits	191,662	32,058	12,595	236,315	180,641	30,531	11,995	223,167
Accounting, Legal and Contracted Services	27,951	20,971	-	48,922	22,784	23,977	-	46,761
Advertising and Promotion	98,536	2,613	36,055	137,204	112,638	2,826	37,591	153,055
Office Expenses	16,835	8,291	-	25,126	14,978	6,956	-	21,934
Overhead Expense (CECH)	35,100	-	-	35,100	33,961	-	-	33,961
Occupancy	97,997	21,290	12,113	131,400	97,997	21,290	12,113	131,400
Travel	8,148	-	-	8,148	2,148	-	-	2,148
Conferences, Conventions, and Meetings	20,850	4,147	36,748	61,745	12,429	2,978	31,315	46,722
Depreciation Expense	-	-	-	-	700	-	-	700
Tuition Expense	12,964	-	-	12,964	8,872	-	-	8,872
Program Expense	256,218	-	-	256,218	273,787	-	-	273,787
<b>Total Expenses by Function</b>	<b>\$ 1,581,741</b>	<b>\$ 214,018</b>	<b>\$ 147,490</b>	<b>\$ 1,943,249</b>	<b>\$ 1,534,210</b>	<b>\$ 212,032</b>	<b>\$ 140,613</b>	<b>\$ 1,886,855</b>

See accompanying notes.

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

	<b>Years Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 736,622	\$ 606,495
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	-	700
Net Investment Return on Investments	(481,485)	(358,827)
Donated Stock	(20,180)	-
Changes In		
Accounts Receivable	(78,726)	20,858
Unbilled Receivables	3,249	(1,939)
Unconditional Promises to Give, Net	5,983	(87,203)
Accounts Payable	-	(5,585)
Deferred Revenue	1,120	(1,285)
	<u>166,583</u>	<u>173,214</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows From Investing Activities</b>		
Purchase of Investments	(3,709)	(112)
Proceeds From Sale of Investments	183,965	162,104
	<u>180,256</u>	<u>161,992</u>
<b>Net Cash Provided by Investing Activities</b>		
<b>Net Change in Cash and Cash Equivalents</b>	<u>346,839</u>	<u>335,206</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,488,426</u>	<u>1,153,220</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,835,265</u>	<u>\$ 1,488,426</u>

See accompanying notes.

**THE ALPAUGH FAMILY ECONOMICS CENTER AT THE UNIVERSITY OF CINCINNATI  
NOTES TO THE FINANCIAL STATEMENTS**

**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 and Allowance for Credit Losses**

Accounts receivable consist of amounts due from customers and are generally unsecured. The Center establishes allowances for credit losses on accounts receivable and unbilled receivables. The allowance for credit losses is the Center's best estimate of the amount of probable credit losses in the Center's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. The measurement of credit losses and subsequent changes in the allowance for credit losses are recorded in the statements of activities as the amounts expected to be collected change.

The Center uses the aging method to estimate its expected credit losses on accounts receivable and unbilled receivables. In order to estimate expected credit losses, the Center assesses recent historical experience, current economic conditions and any reasonable and supportable forecasts to identify risk characteristics that are shared within the financial asset. These risk characteristics are then used to bifurcate the aging method into risk pools. Historical credit loss for each risk pool is then applied to the current period aging in the identified risk pools to determine the needed reserve allowance. In the absence of current economic conditions and/or forecasts that may affect future credit losses, the Center has determined that recent historical experience provides the best basis for estimating credit losses.

The determination of past due status on accounts receivable is based on the terms indicated on customer contracts and invoices. Accounts are written off against the allowance when deemed uncollectible by management. Recoveries of accounts receivable previously written off are recorded when received. The Center does not charge interest on its past due receivables.

Based on these criteria, no allowance for credit losses has been provided at both June 30, 2025 and 2024.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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, 2025 and 2024 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, 2025 and 2024.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*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, 2025 and 2024 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)**

**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 programs 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 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, 2025 and 2024. 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, 2025 or 2024.

**Reclassifications**

Certain amounts in 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)**

**Subsequent Events**

The Center has evaluated subsequent events through November 10, 2025, 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,	
	2025	2024
Cash and Cash Equivalents	\$ 1,835,265	\$ 1,488,426
Investments	5,106,972	4,785,563
Unbilled Receivables	7,315	10,564
Accounts Receivable	182,493	103,767
Unconditional Promises to Give, Net	601,606	607,589
Total Financial Assets	7,733,651	6,995,909
Restricted Assets		
Donor Restricted Assets	3,870,134	3,717,677
Total Financial Assets Available	\$ 3,863,517	\$ 3,278,232

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.

The Center had noncash operating and investing activities as follows:

	Years Ended June 30,	
	2025	2024
Unconditional Promise to Give		
Paid with Donated Stock	\$ -	\$ 695,756

**NOTE 4 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give were as follows:

	June 30,	
	2025	2024
Amounts Due in		
Less than One Year	\$ 29,234	\$ 17,000
One to Five Years	616,999	653,934
	646,233	670,934
Less Discount to Net Present Value at 3%	44,627	63,345
Unconditional Promises to Give, Net	\$ 601,606	\$ 607,589

**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 Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. 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.

The 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, 2025 or 2024.

*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, 2025 and 2024 were held at a Level 3.

**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,	
	2025	2024
Balance, Beginning of Year	\$ 4,785,563	\$ 3,892,972
Net Investment Return	481,485	358,827
Donated Stock	20,180	695,756
Purchases	3,709	112
Withdrawals	(183,965)	(162,104)
	<u>\$ 5,106,972</u>	<u>\$ 4,785,563</u>

**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 consist of the following:

	June 30,	
	2025	2024
Software	\$ 615,000	\$ 615,000
Vehicles	21,000	21,000
	<u>636,000</u>	<u>636,000</u>
Less Accumulated Depreciation	636,000	636,000
	<u>\$ -</u>	<u>\$ -</u>
Total Property, Equipment, and Software, Net	<u>\$ -</u>	<u>\$ -</u>

**NOTE 7 – CONTRACT BALANCES**

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

Accounts Receivable				
Beginning of Year	\$	103,767	\$	124,625
End of Year	\$	182,493	\$	103,767
Unbilled Receivables				
Beginning of Year	\$	10,564	\$	8,625
End of Year	\$	7,315	\$	10,564
Deferred Revenue				
Beginning of Year	\$	5,485	\$	6,770
End of Year	\$	6,605	\$	5,485

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows:

	June 30,	
	2025	2024
<b>Subject to a Passage of Time</b>		
Unconditional Promise to Give		
Bachrach Pledge	\$ 28,500	\$ 35,160
The Alpaugh Family Economic Center Endowment	569,278	566,772
Neu Pledge	3,828	5,658
	601,606	607,590
<b>Subject to Spending Policy or Appropriations</b>		
The Wachs Family Foundation	19,888	13,527
The Alpaugh Family Economics Center Endowment	285,876	148,999
	305,764	162,526
<b>Not Subject to Spending Policy or Appropriations</b>		
The Alpaugh Family Endowment	2,087,768	2,072,565
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
	2,962,764	2,947,561
Total Net Assets with Donor Restrictions	\$ 3,870,134	\$ 3,717,677

**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 4.0% and 4.0% at June 30, 2025 and 2024, 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 (original gift to the Foundation was \$100,000). The fair value was \$94,884 and \$88,523 at June 30, 2025 and 2024, respectively.

*Spending Policy.* The Center has a policy of appropriating for annual distribution 4.0% and 4.0% at June 30, 2025 and 2024, 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 assets composition by type of fund as of June 30, 2025 is as follows:

	With Donor Restrictions
Wachs Graduate Fund in Economics	\$ 94,884
The Alpaugh Family Economics Center Endowment	2,373,644
Endowment Net Asset Composition by Fund Type	\$ 2,468,528

Endowment net assets composition by type of fund as of June 30, 2024 is as follows:

Wachs Graduate Fund in Economics	\$ 88,523
The Alpaugh Family Economics Center Endowment	2,221,564
Endowment Net Asset Composition by Fund Type	\$ 2,310,087

**NOTE 9 – ENDOWMENTS (Continued)**

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	<u>Wachs Graduate Fund in Economics</u>	<u>The Alpaugh Family Economics Center Endowment</u>	<u>Total With Donor Restriction</u>
Endowment Net Assets, Beginning of Year	\$ 88,523	\$ 2,221,564	\$ 2,310,087
Contributions	1,050	17,703	18,753
Net Investment Return	<u>5,311</u>	<u>134,377</u>	<u>139,688</u>
Endowment Net Assets, End of Year	<u>\$ 94,884</u>	<u>\$ 2,373,644</u>	<u>\$ 2,468,528</u>

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

Endowment Net Assets, Beginning of Year	\$ 85,035	\$ 1,456,509	\$ 1,541,544
Contributions	-	674,628	674,628
Net Investment Return	<u>3,488</u>	<u>90,427</u>	<u>93,915</u>
Endowment Net Assets, End of Year	<u>\$ 88,523</u>	<u>\$ 2,221,564</u>	<u>\$ 2,310,087</u>

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

For the years ended June 30, 2025 and 2024 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	2025	2024
Facilities	Office Space and Equipment	All Programs	Standard Pricing for Similar Space and Equipment	\$ 131,400	\$ 131,400
Program Supplies	On-site Supplies for StEP	StEP Program	Standard Industry Pricing for Similar Services	75,668	29,076
Marketing	Digital, Broadcast, and Billboard Campaigns	All Programs	Third-party Estimates Using Rates in Like Circumstances	110,766	117,385
Scholarships	Scholarships	\$martPath	Cost of Graduate Hour at University of Cincinnati	12,964	8,872
Meetings	Video and Audio Production Services	All Programs	Standard Industry Pricing for Similar Services and Equipment	24,987	-
Total				<u>\$ 355,785</u>	<u>\$ 286,733</u>

**NOTE 11 – RETIREMENT PLAN EXPENSE**

The Center's contributions and expenses related to the SEP during the years ended June 30, 2025 and 2024 were \$27,594 and \$30,502, 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 \$88,632 and \$37,948 for the years ended June 30, 2025 and 2024, 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 for both years ended June 30, 2025 and 2024, and the amounts are recorded as in-kind contributions and expense in the statements of activities. Additionally, UC hosts various classes that the Center offers to students. For the years ended June 30, 2025 and 2024, tuition revenue related to those classes was recorded in the statements of activities in the amounts of \$8,030 and \$4,745, respectively.

