

**VIRGINIA COUNCIL ON
ECONOMIC EDUCATION**

Richmond, Virginia

FINANCIAL REPORT

JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Virginia Council on Economic Education
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Virginia Council on Economic Education (the Council), which comprise the statements of assets, liabilities, and net assets on a modified cash basis as of June 30, 2018 and 2017, the related statements of revenue, expenses and changes in net assets on a modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets on a modified cash basis of the Virginia Council on Economic Education as of June 30, 2018 and 2017, and its revenue, expenses and changes in net assets on a modified cash basis for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the years ended June 30, 2018 and 2017, as a whole. The accompanying schedules of program service expenses and management and general expenses – modified cash basis are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information as of and for the years ended June 30, 2018 and 2017, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as of and for the years ended June 30, 2018 and 2017 is fairly stated in all material respects in relation to the financial statements as a whole.

Yount, Hyde & Barbour, P.C.

Richmond, Virginia
October 15, 2018

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Statements of Assets, Liabilities and Net Assets

- Modified Cash Basis

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 408,566	\$ 425,341
Investments	290,119	244,674
Beneficial interest in assets held at The Community Foundation	569,859	511,673
Property and equipment, net	<u>10,386</u>	<u>3,177</u>
Total assets	<u>\$ 1,278,930</u>	<u>\$ 1,184,865</u>
Liabilities, payroll taxes payable	<u>\$ 3,510</u>	<u>\$ 1,526</u>
Net Assets		
Unrestricted	\$ 229,401	\$ 204,390
Temporarily restricted	492,536	473,283
Permanently restricted	<u>553,483</u>	<u>505,666</u>
Total net assets	<u>\$ 1,275,420</u>	<u>\$ 1,183,339</u>
Total liabilities and net assets	<u>\$ 1,278,930</u>	<u>\$ 1,184,865</u>

See Notes to Financial Statements.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

**Statement of Revenue, Expenses and Changes in Net Assets -
Modified Cash Basis**

For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, investment income and other changes:				
Contributions	\$ 260,086	\$ 289,000	\$ 47,817	\$ 596,903
Appropriation - Commonwealth of Virginia	385,514	--	--	385,514
Program service revenue	--	44,050	--	44,050
Investment income	<u>18,636</u>	<u>41,601</u>	<u>--</u>	<u>60,237</u>
Total revenue and investment income	\$ 664,236	\$ 374,651	\$ 47,817	\$ 1,086,704
 Net assets released from restrictions	<u>355,398</u>	<u>(355,398)</u>	<u>--</u>	<u>--</u>
Total revenue, investment income, and other changes	<u>\$ 1,019,634</u>	<u>\$ 19,253</u>	<u>\$ 47,817</u>	<u>\$ 1,086,704</u>
 Expenses:				
Program services	\$ 740,481	\$ --	\$ --	\$ 740,481
Management and general	<u>254,142</u>	<u>--</u>	<u>--</u>	<u>254,142</u>
Total expenses	<u>\$ 994,623</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 994,623</u>
 Change in net assets	\$ 25,011	\$ 19,253	\$ 47,817	\$ 92,081
Net assets, beginning of year	<u>204,390</u>	<u>473,283</u>	<u>505,666</u>	<u>1,183,339</u>
Net assets, end of year	<u>\$ 229,401</u>	<u>\$ 492,536</u>	<u>\$ 553,483</u>	<u>\$ 1,275,420</u>

See Notes to Financial Statements.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

**Statement of Revenue, Expenses and Changes in Net Assets -
Modified Cash Basis**

For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, investment income and other changes:				
Contributions	\$ 267,558	\$ 247,200	\$ 398,558	\$ 913,316
Appropriation - Commonwealth of Virginia	374,953	--	--	374,953
Program service revenue	--	43,260	--	43,260
Investment income	40,776	18,019	--	58,795
Total revenue and investment income	\$ 683,287	\$ 308,479	\$ 398,558	\$ 1,390,324
Transfer of endowment funds	(20,310)	--	20,310	--
Net assets released from restrictions	306,917	(306,917)	--	--
Total revenue, investment income, and other changes	\$ 969,894	\$ 1,562	\$ 418,868	\$ 1,390,324
Expenses:				
Program services	\$ 717,508	\$ --	\$ --	\$ 717,508
Management and general	247,992	--	--	247,992
Total expenses	\$ 965,500	\$ --	\$ --	\$ 965,500
Change in net assets	\$ 4,394	\$ 1,562	\$ 418,868	\$ 424,824
Net assets, beginning of year	199,996	471,721	86,798	758,515
Net assets, end of year	\$ 204,390	\$ 473,283	\$ 505,666	\$ 1,183,339

See Notes to Financial Statements.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business

Virginia Council on Economic Education (the "Council") was incorporated in 1970 under the laws of the Commonwealth of Virginia to provide Virginia's K-12 students with an understanding of the economy and to develop their decision-making skills.

Basis of Presentation

The Council's accounts are maintained on the modified cash basis of accounting. Under this basis, revenues are recognized when collected rather than when earned and expenses are recognized when paid rather than when incurred. Therefore, receivables and payables and accrued expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statements. The Council only records cash and investments, with the modification being the recording of investments at fair market value, instead of cost and the recording of property and equipment along with the corresponding depreciation expense. Accordingly, the accompanying statements are not intended to present results of operations in conformity with U.S. generally accepted accounting principles.

Financial Statement Presentation

The financial statements report amounts separately by classification of net assets as follows:

Unrestricted net assets are currently available at the discretion of the Council's Board of Directors for use in the Council's operations and those resources invested in property or equipment.

Temporarily restricted net assets resulting from support and revenue which use by the Council is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Council pursuant to those donor-imposed stipulations.

Permanently restricted net assets result from support and revenue which use by the Council is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Council.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

Support and Revenue Recognition

Gifts of cash and other assets for the general use and benefit of the Council are presented as unrestricted support. Other contributions are presented as restricted support if they are received with donor stipulations that further limit the use of the donated assets. When a donor restriction is fulfilled, that is, when a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenue, expenses and changes in net assets as net assets released from restrictions.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Fair Value of Financial Instruments

Accounting standards establish a framework for measuring fair value. That framework 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

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.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

For the fiscal years ended June 30, 2018 and 2017, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Equities

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Investment Funds Held at The Community Foundation serving Richmond and Central Virginia

The fair value is based on internal reports generated by The Community Foundation.

The carrying amounts of the Council's financial instruments not described above arise in the ordinary course of business and approximate fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council 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.

Cash and Cash Equivalents

For financial statement purposes, the Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

The Council has cash deposits in financial institutions that may at times exceed the federally insured limits. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes

The Council is a non-profit organization exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. There is no provision for income taxes in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of assets, liabilities and net assets – modified cash basis. Net unrealized and realized gains or losses are reflected in the statements of revenue, expenses and changes in net assets – modified cash basis.

Property and Equipment

Property and equipment is capitalized at cost and consists of computer equipment, software and office furniture. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over their estimated useful lives of 5 years.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for recognizing revenue from contracts with customers. The core principle of ASU 2014-09 is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services. Generally, the ASU states that revenue should be recognized by following a five step process which include identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligation in the contract, and recognizing revenue as the entity satisfies a performance obligation. ASU 2014-09 is effective for the Council for the year ending June 30, 2020. The Council is currently evaluating the impact that the adoption of Topic 606 will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Council for the year ending June 30, 2021. Early adoption is permitted. The Council is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two classes of net assets, which are based on the existence or absence of donor-implied restrictions. ASU 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU 2016-14 is effective for the Council for the year ending June 30, 2019. Early adoption is permitted. The Council is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

In June 2018, the FASB issued Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958), which clarifies the scope and the accounting guidance for contributions received and contributions made. Specifically, the update assists entities in determining whether a transaction should be accounted for as a contribution or an exchange transaction. If a transaction is accounted for as an exchange transaction, other accounting guidance, for example, in Topic 606, Revenue from Contracts with Customers, should be followed. If, however, a transaction is accounted for as a contribution, guidance in Subtopic 958-605 should be followed. Additionally, the update assists entities in determining whether a contribution is conditional. ASU 2018-08 is effective for contributions received by the Council for the fiscal year ending June 30, 2020. ASU 2018-08 is effective for contributions made, if applicable, by the Council for the fiscal year ending June 30, 2021. Early adoption is permitted. The Council is currently evaluating the impact that the adoption of Topic 958 will have on its financial statements.

Note 2. Cash Held by Virginia Commonwealth University

The Council has three cash accounts that are administered by Virginia Commonwealth University ("VCU"). One account is used for payroll and administrative expenses. The Council makes regular deposits to this account. The second account is used for a donor's gift in support of the Council's staff at VCU. The donor makes regular deposits to this account. The third account is used for a state grant that is allotted to the Council from VCU's yearly amount received from the state. Funds from this grant must be used to support economic education throughout Virginia.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

Note 3. Investments

As of June 30, 2018 and 2017, the fair values of marketable investments and their related cost were as follows:

	June 30, 2018			June 30, 2017		
	Fair Value	Cost	Unrealized Appreciation	Fair Value	Cost	Unrealized Appreciation
Equities	\$ 290,119	\$ 235,229	\$ 54,890	\$ 244,674	\$ 194,389	\$ 50,285
Investment Funds Held at The Community Foundation	<u>569,859</u>	<u>544,890</u>	<u>24,969</u>	<u>511,673</u>	<u>511,673</u>	<u>--</u>
	<u>\$ 859,978</u>	<u>\$ 780,119</u>	<u>\$ 79,859</u>	<u>\$ 756,347</u>	<u>\$ 706,062</u>	<u>\$ 50,285</u>

The following schedule summarizes investment income, which was reported in the statements of revenue, expenses and changes in net assets – modified cash basis for the years ended June 30, 2018 and 2017 as follows:

	2018	2017
Interest and dividends	\$ 35,170	\$ 16,306
Realized and unrealized gains	<u>25,067</u>	<u>42,489</u>
	<u>\$ 60,237</u>	<u>\$ 58,795</u>

Note 4. Fair Value Measurements

Investments are carried at fair value based on quoted prices in active markets and consisted of the following at June 30, 2018 and 2017:

June 30, 2018	Level 1	Level 2	Level 3
Equities	\$ 290,119	\$ --	\$ --
Investment funds held at The Community Foundation	<u>--</u>	<u>569,859</u>	<u>--</u>
	<u>\$ 290,119</u>	<u>\$ 569,859</u>	<u>\$ --</u>
June 30, 2017	Level 1	Level 2	Level 3
Equities	\$ 244,674	\$ --	\$ --
Investment funds held at The Community Foundation	<u>--</u>	<u>511,673</u>	<u>--</u>
	<u>\$ 244,674</u>	<u>\$ 511,673</u>	<u>\$ --</u>

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

Note 5. Property and Equipment

A summary of property and equipment as of June 30, 2018 and 2017 follows:

	<u>2018</u>	<u>2017</u>
Computer equipment and furniture	\$ 20,336	\$ 13,964
Software	<u>3,384</u>	<u>3,384</u>
	\$ 23,720	\$ 17,348
Less accumulated depreciation	<u>(13,334)</u>	<u>(14,171)</u>
Property and equipment, net	<u>\$ 10,386</u>	<u>\$ 3,177</u>

Note 6. Net Assets

Temporarily restricted net assets as of June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Fund for Teaching Excellence	\$ 438,384	\$ 450,276
Mini Economy Institute	--	17,000
Econ Empowerment	20,676	--
SMG Teaching Scholarship	2,500	--
Accumulated endowment	<u>30,976</u>	<u>6,007</u>
	<u>\$ 492,536</u>	<u>\$ 473,283</u>

Permanently restricted net assets as of June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
S. Buford Scott Endowment Fund for Economic Education (formerly called Economic Literacy)	<u>\$ 553,483</u>	<u>\$ 505,666</u>

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

Note 7. Net Assets Released from Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors were as follows for the years ended June 30, 2018 and 2017:

	2018	2017
Fund for Teaching Excellence	\$ 262,612	\$ 219,837
Stock Market Game	43,830	--
Economic and Personal Finance High School Initiative	--	35,641
Scholarships	--	39,427
Mini Economy Institute	17,000	--
Econ Empowerment	15,324	--
Accumulated endowment	16,632	12,012
	\$ 355,398	\$ 306,917

Note 8. Endowment Funds

In 1997, the Council established a fund named the *Economic Literacy Endowment* for the purpose of long-term funding of operating costs and teacher training programs to improve the economic literacy of Virginia’s citizens. Donations and transfers to this fund were classified as permanently restricted net assets.

During the year ended June 30, 2017, the Council created the *S. Buford Scott Endowment for Economic Education* endowment fund. Donor restricted contributions to this endowment fund totaled \$47,817 and \$398,558 for the years ended June 30, 2018 and 2017, respectively, and are reflected in the financial statements as permanently restricted net assets. In addition, during the year ended June 30, 2017, the balance of the previously established fund was transferred to this new fund. This endowment fund is an agency fund held by the Community Foundation serving Richmond and Central Virginia (“TCF”).

Spendable income from the endowment fund shall be available at least annually. Spendable income shall be determined each year to be not more than 5%, inclusive of unrestricted compensation to TCF. Any spendable income not requested by the Council within a given fiscal year will be returned to the fund’s principal balance. The balance of the fund must remain above \$25,000 in order to allow for future use of the funds. As of June 30, 2018 and 2017, the balance of the endowment fund remained above the required principal balance. As part of the agreement with TCF, the Council can access the fund’s principal balance only under certain circumstances.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

Interpretation of Relevant Law

The Board of Directors of the Council has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Council classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any remaining portion of the donor-restricted endowment fund not classified as permanently restricted net assets would be classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Council and the donor-restricted endowment fund
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 Council
7. The investment policies of the Council

The following table summarizes endowment net assets as of June 30, 2018 and 2017:

	2018		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	\$ 30,976	\$ 553,483	\$ 584,459

	2017		
	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	\$ 6,007	\$ 505,666	\$ 511,673

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

The following table summarizes the changes in endowment net assets for the years ended June 30, 2018 and 2017:

	2018		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets June 30, 2017	\$ 6,007	\$ 505,666	\$ 511,673
Investment income	41,601	--	41,601
Contributions	--	47,817	47,817
Appropriation of endowment assets for expenditure	<u>(16,632)</u>	<u>--</u>	<u>(16,632)</u>
Endowment net assets June 30, 2018	<u>\$ 30,976</u>	<u>\$ 553,483</u>	<u>\$ 584,459</u>
	2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets July 1, 2016 (Reviewed)	\$ --	\$ 86,798	\$ 86,798
Investment income	18,019	--	18,019
Contributions	--	398,558	398,558
Transfer	--	20,310	20,310
Appropriation of endowment assets for expenditure	<u>(12,012)</u>	<u>--</u>	<u>(12,012)</u>
Endowment net assets June 30, 2017	<u>\$ 6,007</u>	<u>\$ 505,666</u>	<u>\$ 511,673</u>

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Notes to Financial Statements

Note 9. In-Kind Contributions

The Council receives several different types of in-kind contributions. The Council's facilities are donated by VCU. In-kind contributions for these facilities were \$15,000 for both years ended June 30, 2018 and 2017.

The Council also receives in-kind contributions from a variety of businesses and individuals. Where the value of such materials and services is not known, management estimates the value. In-kind contributions, including those discussed above were \$35,850 and \$35,550 for the years ended June 30, 2018 and 2017, respectively.

Note 10. Subsequent Events

The Council has evaluated all subsequent events through October 15, 2018, the date the financial statements were available to be issued. The Council has determined there are no subsequent events that require recognition or disclosure.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Schedules of Program Service Expenses - Modified Cash Basis

For the Years Ended June 30, 2018 and 2017

See Independent Auditor's Report

	<u>2018</u>	<u>2017</u>
Education conferences	\$ 3,459	\$ 5,017
George Mason University	20,817	78,500
Lynchburg College	61,700	60,500
Network and committee meetings	4,346	5,203
Office space - programs	7,500	7,500
Old Dominion University	97,161	95,000
Other program initiatives	172,752	135,665
Payroll costs - programs	238,420	219,174
University of Virginia College at Wise	7,000	7,000
Virginia Commonwealth University	61,731	60,159
Virginia Tech	65,595	43,790
	<u>\$ 740,481</u>	<u>\$ 717,508</u>

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

Schedules of Management and General Expenses - Modified Cash Basis

For the Years Ended June 30, 2018 and 2017

See Independent Auditor's Report

	<u>2018</u>	<u>2017</u>
Accounting fees	\$ 23,953	\$ 16,320
Corporate fees and licenses	275	275
Depreciation	2,933	904
Dues and subscriptions	5,547	4,852
Education and training	160	--
Gifts and acknowledgements	123	183
Investment fees	4,304	2,776
Marketing	6,285	64,217
Miscellaneous	601	1,274
Occupancy expense	4,942	3,600
Office space	7,500	7,500
Payroll and payroll taxes	190,741	140,137
Postage and shipping	452	263
Printing expense	780	1,825
Supplies	1,195	1,267
Telephone	2,223	2,163
Travel	2,128	436
	<u>\$ 254,142</u>	<u>\$ 247,992</u>