Financial Statements for

THE ALPAUGH FAMILY ECONOMICS CENTER AT THE UNIVERSITY OF CINCINNATI

Years Ended June 30, 2024 and 2023

With Independent Auditors' Report

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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, 2024 and 2023, 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, 2024 and 2023, 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.

Other Matter

As described in the notes to the financial statements, during the year ended June 30, 2024, The Alpaugh Family Economics Center at the University of Cincinnati adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326).* Our opinion is not modified with respect to that matter.

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.

Prior Period Financial Statements

The financial statements as of June 30, 2023, were audited by VonLehman & Company, Inc, who merged with Dean Dorton Allen Ford, PLLC as of January 1, 2024.

Dean Dorton Allen Ford, PLLC

Fort Wright, Kentucky
___________, 2024

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

ASSETS

	June 30, 2024	June 30, 2023
Current Assets		
Cash and Cash Equivalents	$ 1,488,426	$ 1,153,220
Accounts Receivable	103,767	124,625
Unbilled Receivables	10,564	8,625
Unconditional Promises to Give, Net	17,000	109,551
Total Current Assets	1,619,757	1,396,021
Investments	2,475,476	2,351,428
Endowment Investments	2,310,087	1,541,544
Property, Equipment, and Software, Net	-	700
Unconditional Promises to Give, Net - Less Current Portion	590,589	1,106,591
Total Assets	$ 6,995,909	$ 6,396,284

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities		
Accounts Payable	$ -	$ 5,585
Deferred Revenue	5,485	6,770
Total Liabilities	5,485	12,355
Net Assets		
Without Donor Restrictions	3,272,747	2,826,243
With Donor Restrictions	3,717,677	3,557,686
Total Net Assets	6,990,424	6,383,929
Total Liabilities and Net Assets	$ 6,995,909	$ 6,396,284

See accompanying notes.

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

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains						
Contract Research	$ 682,458	$ -	$ 682,458	$ 455,937	$ -	$ 455,937
Program Fees and Tuition	48,065	-	48,065	56,975	-	56,975
Contributions	447,674	66,064	513,738	591,147	35,881	627,028
Program Revenue	563,750	-	563,750	641,999	-	641,999
In-Kind Contributions	286,733	-	286,733	274,124	-	274,124
Net Investment Return	304,679	93,927	398,606	180,891	(6,567)	174,324
Total Revenue, Support and Gains	2,333,359	159,991	2,493,350	2,201,073	29,314	2,230,387
Net Assets Released From Restrictions	-	-	-	7,500	(7,500)	-
Total Revenue, Support, Gains and Reclassifications	2,333,359	159,991	2,493,350	2,208,573	21,814	2,230,387
Expenses						
Program Services	1,534,210	-	1,534,210	1,594,841	-	1,594,841
Management and General	212,032	-	212,032	234,815	-	234,815
Fundraising and Development	140,613	-	140,613	153,906	-	153,906
Total Expenses	1,886,855	-	1,886,855	1,983,562	-	1,983,562
Change in Net Assets	446,504	159,991	606,495	225,011	21,814	246,825
Net Assets, Beginning of Year	2,826,243	3,557,686	6,383,929	2,601,232	3,535,872	6,137,104
Net Assets, End of Year	$ 3,272,747	3,717,677	6,990,424	$ 2,826,243	$ 3,557,686	$ 6,383,929

See accompanying notes.

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

	Year Ended June 30, 2024				Year Ended June 30, 2023			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries and Wages	$ 773,275	$ 123,474	$ 47,599	$ 944,348	$ 857,182	$ 136,872	$ 52,764	$ 1,046,818
Employee Benefits	180,641	30,531	11,995	223,167	200,743	33,929	13,330	248,002
Accounting, Legal and Contracted Services	22,784	23,977	-	46,761	26,145	29,504	-	55,649
Advertising and Promotion	112,638	2,826	37,591	153,055	124,356	3,120	32,823	160,299
Office Expenses	14,978	6,956	-	21,934	10,740	6,022	-	16,762
Overhead Expense (CECH)	33,961	-	-	33,961	22,831	-	-	22,831
Occupancy	97,997	21,290	12,113	131,400	97,997	21,290	12,113	131,400
Travel	2,148	-	-	2,148	-	-	-	-
Conferences, Conventions, and Meetings	12,429	2,978	31,315	46,722	17,017	4,078	42,876	63,971
Depreciation Expense	700	-	-	700	4,200	-	-	4,200
Tuition Expense	8,872	-	-	8,872	35,264	-	-	35,264
Program Expense	273,787	-	-	273,787	198,366	-	-	198,366
Total Expenses by Function	$ 1,534,210	$ 212,032	$ 140,613	$ 1,886,855	$ 1,594,841	$ 234,815	$ 153,906	$ 1,983,562

See accompanying notes.

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

	Years Ended June 30, 2024	2023
Cash Flows From Operating Activities		
Change in Net Assets	$ 606,495	$ 246,825
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	700	4,200
Net Investment Return on Investments	(358,827)	(156,466)
Changes In		
Accounts Receivable	20,858	12,225
Unbilled Receivables	(1,939)	(3,750)
Unconditional Promises to Give, Net	(87,203)	(28,381)
Accounts Payable	(5,585)	5,585
Deferred Revenue	(1,285)	4,360
Net Cash Provided by Operating Activities	173,214	84,598
Cash Flows From Investing Activities		
Purchase of Investments	(112)	(162)
Proceeds From Sale of Investments	162,104	143,844
Net Cash Provided by Investing Activities	161,992	143,682
Net Change in Cash and Cash Equivalents	335,206	228,280
Cash and Cash Equivalents, Beginning of Year	1,153,220	924,940
Cash and Cash Equivalents, End of Year	$ 1,488,426	$ 1,153,220

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 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 statement 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, 2024 and 2023.

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, 2024 and 2023 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, 2024 and 2023.

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:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023 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 program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The 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, 2024 and 2023. 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, 2024 or 2023.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain amounts in the prior period financial statements that were previously shown as program revenue have been reclassified to in-kind contributions to conform with the presentation in the current year. The reclassifications had no impact on previously reported net assets.

Adoption of New Accounting Standards

Effective July 1, 2023, the Center adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and associated amendments. This standard creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) 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 adoption of the new standard did not result in a cumulative-effect adjustment to the opening balance of net assets.

Subsequent Events

The Center has evaluated subsequent events through _________, 2024, 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, 2024	June 30, 2023
Cash and Cash Equivalents	$ 1,488,426	$ 1,153,220
Investments	4,785,563	3,892,972
Unbilled Receivables	10,564	8,625
Accounts Receivable	103,767	124,625
Unconditional Promises to Give, Net	607,589	1,216,142
Total Financial Assets	6,995,909	6,395,584
Restricted Assets		
Donor Restricted Assets	3,717,677	3,557,686
Total Financial Assets Available	$ 3,278,232	$ 2,837,898

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 2024	2023
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, 2024	2023
Amounts Due in		
Less than One Year	$ 17,000	$ 109,551
One to Five Years	653,934	1,230,000
	670,934	1,339,551
Less Discount to Net Present Value at 3%	63,345	123,409
Unconditional Promises to Give, Net	$ 607,589	$ 1,216,142

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.

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

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, 2024 or 2023.

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, 2024 and 2023 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,	
	2024	2023
Balance, Beginning of Year	$ 3,892,972	$ 3,880,188
Net Investment Return	358,827	156,466
Donated Stock	695,756	-
Purchases	112	162
Withdrawals	(162,104)	(143,844)
Balance, End of Year	$ 4,785,563	$ 3,892,972

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,	
	2024	2023
Software	$ 615,000	$ 615,000
Vehicles	21,000	21,000
	636,000	636,000
Less Accumulated Depreciation	636,000	635,300
Total Property, Equipment, and Software, Net	$ -	$ 700

NOTE 7 – CONTRACT BALANCES

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

	June 30, 2024	June 30, 2023
Accounts Receivable		
Beginning of Year	$ 124,625	$ 136,850
End of Year	$ 103,767	$ 124,625
Unbilled Receivables		
Beginning of Year	$ 8,625	$ 4,875
End of Year	$ 10,564	$ 8,625
Deferred Revenue		
Beginning of Year	$ 6,770	$ 2,410
End of Year	$ 5,485	$ 6,770

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	June 30, 2024	June 30, 2023
Subject to a Passage of Time		
Unconditional Promise to Give		
Bachrach Pledge	$ 35,160	$ 34,350
The Alpaugh Family Economic Center Endowment	566,772	1,181,792
Neu Pledge	5,658	-
	607,590	1,216,142
Subject to Spending Policy or Appropriations		
The Wachs Family Foundation	13,527	10,039
The Alpaugh Family Economics Center Endowment	823,615	58,560
	837,142	68,599
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	$ 3,717,677	$ 3,557,686

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.

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 4.1% at June 30, 2024 and 2023, 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 $88,523 and $85,035 at June 30, 2024 and 2023, respectively.

Spending Policy. The Center has a policy of appropriating for annual distribution 4.0% and 4.1% at June 30, 2024 and 2023, respectively, of its endowment fund's average fair value using the following method: average value of the endowment using the trailing twelve quarters. In establishing this policy, the Center considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, all of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Center expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 7% annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

NOTE 9 – ENDOWMENTS (Continued)

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

	With Donor Restrictions
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

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

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

	Wachs Graduate Fund in Economics	The Alpaugh Family Economics Center Endowment	Total With Donor Restriction
Endowment Net Assets, Beginning of Year	$ 85,035	$ 1,456,509	$ 1,541,544
Contributions	-	674,628	674,628
Net Investment Return	3,488	90,427	93,915
Endowment Net Assets, End of Year	$ 88,523	$ 2,221,564	$ 2,310,087

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

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

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

For the years ended June 30, 2024 and 2023 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	2024	2023
Facilities	Office Space and Equipment Usage	All Programs	Standard Pricing for Similar Space and Equipment	$ 131,400	$ 131,400
Program Supplies	On-site Supplies for StEP Program	StEP Program	Standard Industry Pricing for Similar Services	29,076	28,581
Marketing	Digital, Broadcast, and Billboard Campaigns	All Programs	Third-party Estimates Using Rates in Like Circumstances	117,385	78,824
Scholarships	Scholarships	$martPath	Cost of Graduate Hour at University of Cincinnati	8,872	35,264
Postage	Postage	All Programs	Direct Cost of Postage Used	-	55
Total				$ 286,733	$ 274,124

NOTE 11 – RETIREMENT PLAN EXPENSE

The Center's contributions and expenses related to the SEP during the years ended June 30, 2024 and 2023 were $30,502 and $30,036, respectively.

NOTE 12 – MARKETING AND ADVERTISING EXPENSE

The Center incurred marketing and advertising expense of $153,054 and $132,795 for the years ended June 30, 2024 and 2023, 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 $37,948 and $63,900 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, tuition revenue related to those classes was recorded in the statements of activities in the amounts of $4,745 and $18,615, respectively.