

FINANCIAL REPORT

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

JACKSON, MISSISSIPPI

JUNE 30, 2021

Presented by: Harper, Rains, Knight & Company, P.A.
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The Board of Directors
Mississippi Council on Economic Education
Jackson, Mississippi

Independent Auditors' Report

Opinion

We have audited the financial statements of Mississippi Council on Economic Education (the "Council") which comprise the statements of financial position as of June 30, 2021 and 2020, 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 Council as of June 30, 2021 and 2020, 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 (GAAS). 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 Council 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; this includes 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 Council's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditors' Responsibilities for the Audit of 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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council'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 audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of historical trends is presented for purposes of additional analysis and is 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 has been subjected to the auditing procedures

Board of Directors
Mississippi Council on Economic Education (continued)

Supplementary Information (continued)

applied in the audits of the financial statements and certain additional procedures, including the 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Harper, Raines, Knight & Company, P.A.

November 1, 2021
Ridgeland, Mississippi

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

| ASSETS | | |
|--------------------------------------|-------------------------|-------------------------|
| | <u>2021</u> | <u>2020</u> |
| Current assets | | |
| Cash and cash equivalents | \$ 228,251 | \$ 203,927 |
| Pledges receivable, net | 48,796 | 81,100 |
| Prepaid expenses | <u>2,676</u> | <u>2,676</u> |
| Total current assets | <u>279,723</u> | <u>287,703</u> |
| Long-term certificates of deposit | 432,133 | 428,177 |
| Investments | 391,668 | 286,228 |
| Property and equipment, net | <u>2,812</u> | <u>1,264</u> |
| Total long-term assets | <u>826,613</u> | <u>715,669</u> |
| Total assets | <u>\$ 1,106,336</u> | <u>\$ 1,003,372</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable | \$ 25,450 | \$ 2,766 |
| Payroll liabilities | 11,166 | 10,048 |
| Deferred revenue | <u>-</u> | <u>6,000</u> |
| Total current liabilities | <u>36,616</u> | <u>18,814</u> |
| Net assets | | |
| Without donor restrictions | 980,987 | 835,487 |
| With donor restrictions | <u>88,733</u> | <u>149,071</u> |
| Total net assets | <u>1,069,720</u> | <u>984,558</u> |
| Total liabilities and net assets | <u>\$ 1,106,336</u> | <u>\$ 1,003,372</u> |

The Notes to Financial Statements are an integral part of these statements.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2021

(With Summarized Financial Information for 2020)

| | Without Donor Restrictions | With Donor Restrictions | 2021 | 2020 |
|---|----------------------------------|-------------------------------|---------------------|-------------------|
| Support and revenues | | | | |
| Contributions | \$ 116,142 | \$ 74,800 | \$ 190,942 | \$ 213,396 |
| Grants | - | 359,500 | 359,500 | 173,700 |
| Program fees | - | 3,733 | 3,733 | 3,263 |
| Interest and dividend income | 13,697 | - | 13,697 | 19,962 |
| Miscellaneous income | 1 | - | 1 | 1,996 |
| In-kind contributions | 23,709 | 20,384 | 44,093 | 52,112 |
| Realized and unrealized gains (losses) on investments | 64,849 | - | 64,849 | (13,694) |
| Net assets released from restrictions | | | | |
| Satisfaction of restrictions | <u>518,755</u> | <u>(518,755)</u> | <u>-</u> | <u>-</u> |
| Total revenues and other support | <u>737,153</u> | <u>(60,338)</u> | <u>676,815</u> | <u>450,735</u> |
| Expenses | | | | |
| Program | 534,020 | - | 534,020 | 506,437 |
| Administrative | 39,358 | - | 39,358 | 43,137 |
| Fundraising | 18,275 | - | 18,275 | 41,598 |
| Total expenses | <u>591,653</u> | <u>-</u> | <u>591,653</u> | <u>591,172</u> |
| Change in net assets | 145,500 | (60,338) | 85,162 | (140,437) |
| Net assets, beginning of the year | <u>835,487</u> | <u>149,071</u> | <u>984,558</u> | <u>1,124,995</u> |
| Net assets, end of the year | <u>\$ 980,987</u> | <u>\$ 88,733</u> | <u>\$ 1,069,720</u> | <u>\$ 984,558</u> |

The Notes to Financial Statements are an integral part of these statements.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

STATEMENT OF ACTIVITIES (CONTINUED)

Year Ended June 30, 2020

| | Without Donor Restrictions | With Donor Restrictions | 2020 |
|---|----------------------------------|-------------------------------|-------------------|
| Support and revenues | | | |
| Contributions | \$ 162,830 | \$ 50,566 | \$ 213,396 |
| Grants | - | 173,700 | 173,700 |
| Program fees | 48 | 3,215 | 3,263 |
| Interest and dividend income | 19,962 | - | 19,962 |
| Miscellaneous income | 1,996 | - | 1,996 |
| In-kind contributions | 14,278 | 37,834 | 52,112 |
| Realized and unrealized losses on investments | (13,694) | - | (13,694) |
| Net assets released from restrictions | | | |
| Satisfaction of restrictions | 459,788 | (459,788) | - |
| Reclassification of restrictions | 250,100 | (250,100) | - |
| Total revenues and other support | <u>895,308</u> | <u>(444,573)</u> | <u>450,735</u> |
| Expenses | | | |
| Program | 506,437 | - | 506,437 |
| Administrative | 43,137 | - | 43,137 |
| Fundraising | 41,598 | - | 41,598 |
| Total expenses | <u>591,172</u> | <u>-</u> | <u>591,172</u> |
| Change in net assets | 304,136 | (444,573) | (140,437) |
| Net assets, beginning of the year | <u>531,351</u> | <u>593,644</u> | <u>1,124,995</u> |
| Net assets, end of the year | <u>\$ 835,487</u> | <u>\$ 149,071</u> | <u>\$ 984,558</u> |

The Notes to Financial Statements are an integral part of this statement.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

(With Comparative Totals for Year Ended June 30, 2020)

| | Program | Administrative | Fundraising | 2021 Totals | 2020 Totals |
|---------------------------------|-------------------|------------------|------------------|-------------------|-------------------|
| Salaries and wages | \$ 198,719 | \$ 16,430 | \$ 12,170 | \$ 227,319 | \$ 229,671 |
| Employee benefits | 22,205 | 2,182 | 1,410 | 25,797 | 25,726 |
| Payroll taxes | 15,060 | 1,414 | 914 | 17,388 | 17,570 |
| Total employee compensation | 235,984 | 20,026 | 14,494 | 270,504 | 272,967 |
| Awards | 18,250 | - | - | 18,250 | 19,192 |
| Contract labor | 91,995 | - | - | 91,995 | 29,040 |
| Contributions | - | - | - | - | 50,000 |
| Depreciation | 442 | 43 | 27 | 512 | 284 |
| Dues and subscriptions | 13,610 | 2,784 | 468 | 16,862 | 16,728 |
| Forum | - | - | - | - | 25,756 |
| Insurance | 3,238 | 313 | 202 | 3,753 | 3,644 |
| Miscellaneous | 10,429 | - | - | 10,429 | 13,825 |
| Postage and delivery | 5,499 | 84 | - | 5,583 | 2,881 |
| Printing and reproduction | 6,670 | - | - | 6,670 | 11,082 |
| Professional development | 84,493 | - | - | 84,493 | 59,326 |
| Professional fees | - | 14,184 | - | 14,184 | 17,618 |
| Publications | 21,116 | - | - | 21,116 | 16,608 |
| Rent | 15,830 | 1,536 | 3,084 | 20,450 | 20,450 |
| Supplies | 1,090 | 3 | - | 1,093 | 811 |
| Telephone | 1,920 | - | - | 1,920 | 1,920 |
| Travel and entertainment | 2,353 | 385 | - | 2,738 | 15,536 |
| Workshops and simulation | 21,101 | - | - | 21,101 | 13,504 |
| | <u>\$ 534,020</u> | <u>\$ 39,358</u> | <u>\$ 18,275</u> | <u>\$ 591,653</u> | <u>\$ 591,172</u> |
| Percentage of total | <u>90%</u> | <u>7%</u> | <u>3%</u> | <u>100%</u> | |

The Notes to Financial Statements are an integral part of this statement.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
Year Ended June 30, 2020

| | Program | Administrative | Fundraising | 2020 Totals |
|---------------------------------|-------------------|------------------|------------------|-------------------|
| Salaries and wages | \$ 195,282 | \$ 14,760 | \$ 19,629 | \$ 229,671 |
| Employee benefits | 21,672 | 1,708 | 2,346 | 25,726 |
| Payroll taxes | 14,785 | 1,173 | 1,612 | 17,570 |
| Total employee compensation | 231,739 | 17,641 | 23,587 | 272,967 |
| Awards | 19,192 | - | - | 19,192 |
| Contract labor | 29,040 | - | - | 29,040 |
| Contributions | 50,000 | - | - | 50,000 |
| Depreciation | 246 | 16 | 22 | 284 |
| Dues and subscriptions | 12,706 | 3,554 | 468 | 16,728 |
| Forum | 12,878 | - | 12,878 | 25,756 |
| Insurance | 3,155 | 206 | 283 | 3,644 |
| Office supplies | - | - | - | - |
| Postage and delivery | 2,881 | - | - | 2,881 |
| Printing and reproduction | 11,082 | - | - | 11,082 |
| Professional development | 59,326 | - | - | 59,326 |
| Professional fees | - | 17,618 | - | 17,618 |
| Publications | 16,608 | - | - | 16,608 |
| Rent | 15,830 | 1,536 | 3,084 | 20,450 |
| Supplies | 562 | 249 | - | 811 |
| Telephone | 1,920 | - | - | 1,920 |
| Travel and entertainment | 13,191 | 1,631 | 714 | 15,536 |
| Workshops and simulation | 13,504 | - | - | 13,504 |
| | <u>\$ 506,437</u> | <u>\$ 43,137</u> | <u>\$ 41,598</u> | <u>\$ 591,172</u> |
| Percentage of total | 86% | 7% | 7% | 100% |

The Notes to Financial Statements are an integral part of this statement.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 85,162 | \$ (140,437) |
| Adjustments to reconcile change in net assets to net change in cash from operating activities: | | |
| Depreciation | 512 | 284 |
| Realized and unrealized (gains) losses on investments, net | (64,849) | 13,694 |
| Change in: | | |
| Pledges receivable | 32,304 | 50,359 |
| Prepaid expenses | - | - |
| Accounts payable | 22,684 | (16,945) |
| Payroll liabilities | 1,118 | 843 |
| Deferred grant revenue | (6,000) | 6,000 |
| Net change in cash from operating activities | <u>70,931</u> | <u>(86,202)</u> |
| Cash flows from investing activities: | | |
| Proceeds from maturity of certificates of deposit | 156,044 | 157,916 |
| Purchase of certificates of deposit | (160,000) | - |
| Proceeds from sale of investments | 41,485 | 101,370 |
| Purchase of investments | (82,076) | (114,614) |
| Purchase of equipment | (2,060) | (1,070) |
| Net change in cash from investing activities | <u>(46,607)</u> | <u>143,602</u> |
| Net change in cash and cash equivalents | 24,324 | 57,400 |
| Cash and cash equivalents, beginning of year | <u>203,927</u> | <u>146,527</u> |
| Cash and cash equivalents, end of year | <u>\$ 228,251</u> | <u>\$ 203,927</u> |

The Notes to Financial Statements are an integral part of these statements.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Mississippi Council on Economic Education (the "Council") follows:

Organization and Operation

The Council, a non-profit organization, was created to ensure that the K-12 schools and teachers in Mississippi provide quality instruction in economics and personal finance that is academically sound and non-partisan. The Council is affiliated with the national Council on Economic Education. The Council receives its funding primarily from donations, grants and fees charged for participation in program activities.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-05, the Council is required to report information regarding its financial position and activities according to two (2) classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Without donor restrictions* - Net assets that are not subject to restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- *With donor restrictions* - Net assets whose use by the Council is subject to donor-imposed restrictions that can be fulfilled by actions of the Council pursuant to those restrictions or that expire by the passage of time or required to be maintained permanently by the Council due to donor-imposed restrictions, the corpus of which will be invested.

The financial statements have been prepared on the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates. Significant estimates used in preparing these financial statements include those assumed in determining the methods and useful lives of property and equipment, allowance for uncollectible accounts, fair value measurement of investments and functional expense allocation. It is at least reasonably possible that the significant estimates used will change within the next year.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

The Council's credit risk consists of its checking accounts, money market accounts and certificates of deposits with local financial institutions in excess of the federally insured amount. Management considers credit risk to be minimal due to the high quality of the financial institutions.

Cash and Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Council considers cash and cash equivalents to include all cash on deposit and money market accounts at various local banks.

Certificates of Deposit

The Council invests in certificates of deposit which accrue interest between 1.70 percent and 2.51 percent and mature between fiscal years 2021 and 2022. The certificates of deposit include instruments with maturities greater than one year and are carried at cost which approximates market value.

Pledges Receivable

Unconditional promises to give are recognized as revenues and gains in the period received as assets, decreases in liabilities or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management determines the allowance for doubtful accounts by regularly evaluating individual receivables. Receivables are written off when management believes they are uncollectible.

Property and Equipment

All property and equipment are recorded at cost less accumulated depreciation, or if acquired by gift, at the fair market value on the date of gift. Depreciation is provided over five or seven years using the straight-line method. Expenditures for maintenance, repairs and rentals are charged against income as incurred.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Council reports investments in equity securities with readily determinable fair values and debt securities in the statements of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements. Unrealized gains and losses are included in the change in net assets in the statements of activities.

Restricted Revenue and Support

Contributions received are recorded as with donor restriction or without donor restriction, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities.

Donated Services and Facilities

Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification (ASC) 958, *Accounting for Contributions Received and Contributions Made*, 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 Council. The Council's donated services received consist of professional fees, office space and use of equipment for workshops and simulations at no cost.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Council is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state statutes. Accordingly, a provision for income taxes has not been recorded in the accompanying financial statements. The Council is classified as a publicly supported organization.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

There were no uncertain tax positions identified related to the current year and the Council has no unrecognized tax benefits at June 30, 2021 and 2020, for which liabilities have been established. The Council recognizes interest and penalties, if any, related to unrecognized tax benefits as a component of income tax expense.

Liquidity and Availability

The following represents the Council's financial assets at June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 228,251 | \$ 203,927 |
| Receivables, net | 48,796 | 81,100 |
| Prepaid expenses | <u>2,676</u> | <u>2,676</u> |
| | <u>\$ 279,723</u> | <u>\$ 287,703</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 279,723</u> | <u>\$ 287,703</u> |

The Council has a goal to maintain financial assets on hand to meet 90 days of normal general and administrative expenses, which are, on average, approximately \$14,000 and \$21,000 as of 2021 and 2020, respectively. The Council has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Council invests cash in long-term certificates of deposit, mutual funds and equity securities totaling approximately \$824,000 and \$714,000 as of June 30, 2021 and 2020, respectively.

Subsequent Events

Subsequent events were evaluated by the Council through November 1, 2021, which is the date the financial statements were available to be issued.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 2 • PLEDGES RECEIVABLE

Unconditional promises to give at June 30, 2021 and 2020, are as follows:

| | 2021 | 2020 |
|---------------------------------------|-----------|-----------|
| Receivables due in less than one year | \$ 49,296 | \$ 81,900 |
| Allowance for doubtful accounts | (500) | (800) |
| | \$ 48,796 | \$ 81,100 |

NOTE 3 • PROPERTY AND EQUIPMENT

Details of property and equipment at June 30, 2021 and 2020, are as follows:

| | 2021 | 2020 |
|--------------------------|-----------|-----------|
| Equipment | \$ 13,314 | \$ 11,698 |
| Furniture and fixtures | 3,027 | 2,583 |
| | 16,341 | 14,281 |
| Accumulated depreciation | (13,529) | (13,017) |
| | \$ 2,812 | \$ 1,264 |

Depreciation expense for the fiscal periods ended June 30, 2021 and 2020, was \$512 and \$284, respectively.

NOTE 4 • INVESTMENTS

Investments held by the Council at June 30, 2021 and 2020, consisted of the following:

| | 2021 | 2020 |
|------------------------------|------------|------------|
| Fixed maturity mutual funds | \$ 275,359 | \$ 202,754 |
| Equity security mutual funds | 73,960 | 41,924 |
| Equity securities | 42,349 | 41,550 |
| | \$ 391,668 | \$ 286,228 |

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 4 • INVESTMENTS (continued)

Return on investments for the years ended June 30, 2021 and 2020, is summarized as follows:

| | <u>2021</u> | <u>2020</u> |
|--|------------------|-----------------|
| Interest and dividends | \$ 13,697 | \$ 19,962 |
| Net realized and unrealized gain (loss) in investments carried at fair value (carrying value) | <u>64,849</u> | <u>(13,694)</u> |
| | <u>\$ 78,546</u> | <u>\$ 6,268</u> |

Interest earned on certificates of deposit amounted to \$5,956 and \$9,763, for the fiscal periods ended June 30, 2021 and 2020, respectively, and is included within total interest and dividend income on the statements of activities.

NOTE 5 • FAIR VALUE MEASUREMENTS

Accounting Standards Codification Topic 820, *Fair Value Measurements*, establishes 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy are described as follows:

- Level 1 - Quoted prices in active markets that are accessible at the measure date for identical assets and liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2 - Observable inputs other than quoted prices in active markets.
- Level 3 - Unobservable inputs for which there is little or no market data available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The asset's 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 methodologies used for assets at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Mutual funds and equity securities: Valued at fair market value of shares/units held at year end measured using published market quotations.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 5 • FAIR VALUE MEASUREMENTS (continued)

The preceding methods may produce a fair value calculation that may not be indicative 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.

The following tables set forth by level, within the fair value hierarchy, the Council's assets at fair value as of June 30, 2021 and 2020.

Assets at Fair Value as of June 30, 2021:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|-------------------|----------------|----------------|-------------------|
| Long-term investments | | | | |
| Fixed maturity mutual funds | \$ 275,359 | \$ - | \$ - | \$ 275,359 |
| Equity mutual funds | 73,960 | - | - | 73,960 |
| Equity securities | <u>42,349</u> | <u>-</u> | <u>-</u> | <u>42,349</u> |
| Total investments at value | <u>\$ 391,668</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 391,668</u> |

Assets at Fair Value as of June 30, 2020:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|-------------------|----------------|----------------|-------------------|
| Long-term investments | | | | |
| Fixed maturity mutual funds | \$ 202,754 | \$ - | \$ - | \$ 202,754 |
| Equity mutual funds | 41,924 | - | - | 41,924 |
| Equity securities | <u>41,550</u> | <u>-</u> | <u>-</u> | <u>41,550</u> |
| Total investments at value | <u>\$ 286,228</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 286,228</u> |

NOTE 6 • RETIREMENT PLAN

The Council has established a retirement plan for eligible employees to which annual contributions are made at the discretion of the Board of Directors. The Council's contributions amounted to \$6,613 for 2021 and 2020.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 7 • IN-KIND CONTRIBUTIONS

Contributed goods and services for which the related expenses have been recorded are as follows:

For Year Ended June 30, 2021:

| | Program | Administration | Fundraising | Total |
|---------------------------|-----------|----------------|-------------|-----------|
| Professional fees | \$ - | \$ 3,259 | \$ - | \$ 3,259 |
| Rent | 15,830 | 1,536 | 3,084 | 20,450 |
| Workshops and simulations | 20,384 | - | - | 20,384 |
| | \$ 36,214 | \$ 4,795 | \$ 3,084 | \$ 44,093 |

For Year Ended June 30, 2020:

| | Program | Administration | Fundraising | Total |
|--------------------------|-----------|----------------|-------------|-----------|
| Professional fees | \$ - | \$ 5,908 | \$ - | \$ 5,908 |
| Rent | 15,830 | 1,536 | 3,084 | 20,450 |
| Workshops and simulation | 25,754 | - | - | 25,754 |
| | \$ 41,584 | \$ 7,444 | \$ 3,084 | \$ 52,112 |

NOTE 8 • NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

| | 2021 | 2020 |
|--|-----------|------------|
| Subject to expenditure for specified purposes: | | |
| Teacher training programs | \$ 74,048 | \$ 139,853 |
| Student programs | 14,685 | 9,218 |
| Net assets with donor restrictions | \$ 88,733 | \$ 149,071 |

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 9 • ENDOWMENT FUNDS

The Council has a board designated endowment totaling \$106,546 as of June 30, 2021, and June 30, 2020, respectively, which is held within the Council long-term certificates of deposit and investment accounts. The board designated endowment is included within net assets without donor restrictions on the statements of financial position as of June 30, 2021, and June 30, 2020. A description of the board designated endowment is as follows.

Board Designated Endowment Fund - The Board of Directors have designated funds to help ensure the long-term financial stability of the Council and position it to respond to varying economic conditions and changes affecting the Council's financial position.

From time to time, the fair value of assets associated with donor-restricted endowment funds could fall below the level that the donor requires the Council to retain as the corpus of the endowment funds. These deficiencies could result from unfavorable market fluctuations. There were no material deficiencies as of June 30, 2021, and June 30, 2020. Funds are invested to maintain the highest possible return within the objective of long-term growth and limiting risk.

A summary of the changes in endowment net assets follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Endowment net assets, June 30, 2019 | \$ 106,296 | \$ 250,100 | \$ 356,396 |
| Investment return: | | | |
| Investment income | 7,813 | - | 7,813 |
| Net appreciation (depreciation) | | | |
| unrealized and realized | (11,966) | - | (11,966) |
| Total investment return | <u>(4,153)</u> | <u>-</u> | <u>(4,153)</u> |
| Additions | - | - | - |
| Release of restrictions | - | (250,100) | (250,100) |
| Amounts appropriated for expenditures | 4,153 | - | 4,153 |
| | <u>4,153</u> | <u>(250,100)</u> | <u>(245,947)</u> |
| Endowment net assets, June 30, 2020 | <u>106,296</u> | <u>-</u> | <u>106,296</u> |

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 9 • ENDOWMENT FUNDS (continued)

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------|-------------------------------|----------------------------|-------------------|
| Investment return: | | | |
| Investment income | \$ 3,377 | \$ - | \$ 3,377 |
| Net appreciation (depreciation) | | | |
| unrealized and realized | <u>15,989</u> | <u>-</u> | <u>15,989</u> |
| Total investment return | <u>19,366</u> | <u>-</u> | <u>19,366</u> |
| Additions | - | - | - |
| Release of restrictions | - | - | - |
| Amounts appropriated | | | |
| for expenditures | <u>(19,366)</u> | <u>-</u> | <u>(19,366)</u> |
| | <u>(19,366)</u> | <u>-</u> | <u>(19,366)</u> |
| Endowment net assets, | | | |
| June 30, 2021 | <u>\$ 106,296</u> | <u>\$ -</u> | <u>\$ 106,296</u> |

NOTE 10 • SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. As a result, the Council was immediately impacted with the inability to continue primary fundraising activities. Future potential impacts may include the financial ability for donors to make continued contributions to the Council. Changes to the operating environment may result in a decrease of program activities for the Council. The future effects of these issues cannot be reliably assessed at this time. The Council has reserve funds as discussed in Note 1 to the financial statements which will allow it to continue administrative activities and a portion of program activities.

On March 27, 2020, Congress passed the Coronavirus Aid, Relief and Economic Security ("CARES") Act which focuses on providing economic relief through the Paycheck Protection Program ("PPP"). This program expands the existing Small Business Administration ("SBA") loan program and allows SBA to provide additional loans and loan forgiveness to businesses with up to 500 employees as a result of the COVID-19 pandemic.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 10 • SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC (continued)

In April 2020, the Organization received a loan in the amount of \$48,000 under the Payroll Protection Program (PPP Loan). The PPP loan and accrued interest are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, covered worker protection expenditures and maintains its payroll levels. The amount of the PPP loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period, up to 24-weeks. The unforgiven portion of the PPP loan is payable over 5 years at an interest rate of 1 percent, with a deferral of payments for the first 10 months. The Organization met the PPP's eligibility criteria and, therefore, concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven. As a result, the Organization accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. During fiscal year 2020, the Organization initially recorded the amount received as a refundable advance followed by a reduction in the advance and recognition of revenue as the aforementioned conditions were substantially met. The Organization filed and was subsequently granted full forgiveness of the PPP loan in January 2021. During the year ended June 30, 2020, the Organization used \$42,000 of the proceeds for purposes consistent with the PPP, resulting in recognition as contribution revenue in the June 20, 2020, accompanying financial statements. The remaining \$6,000 was earned and recognized as contribution revenue in the June 30, 2021, accompanying financial statements.

In April 2021, the Council applied for and received \$48,000 under the second draw funding of the PPP. All the proceeds from the second round PPP loan were used by the Council during 2021 to pay eligible payroll cost. The Organization filed and was subsequently granted full forgiveness of the second draw PPP loan in August 2021. During the year ended June 30, 2021, the Organization used the entire proceeds for purposes consistent with the PPP, resulting in recognition of the entire second draw funding as contribution revenue in the June 20, 2021, accompanying financial statements.

MISSISSIPPI COUNCIL ON ECONOMIC EDUCATION

SCHEDULE OF HISTORICAL DATA

| | As of and for the Fiscal Years Ended | | | | | | | | | | | | | | | |
|--|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Statement of Financial Position | | | | | | | | | | | | | | | | |
| Cash | \$ 228,251 | \$ 203,927 | \$ 146,527 | \$ 306,972 | \$ 163,788 | \$ 253,450 | \$ 529,654 | \$ 421,181 | \$ 545,068 | \$ 460,700 | \$ 594,137 | \$ 528,575 | \$ 356,065 | \$ 285,492 | \$ 351,773 | \$ 352,041 |
| Certificates of deposit | 432,133 | 428,177 | 576,330 | 559,762 | 710,871 | 701,931 | 356,625 | 718,237 | 717,850 | 824,272 | 820,866 | 814,495 | 776,183 | 495,999 | 175,000 | - |
| Pledges receivable | 48,796 | 81,100 | 131,459 | 151,831 | 158,175 | 158,842 | 125,292 | 68,661 | 38,266 | 159,330 | 235,753 | 204,710 | 302,974 | 267,040 | 148,428 | 181,991 |
| Long-term investments | 391,668 | 286,228 | 296,441 | 287,589 | 290,585 | 272,856 | 268,730 | - | - | - | - | - | - | - | - | - |
| Other | 5,488 | 3,940 | 3,154 | 4,353 | 9,376 | 10,817 | 11,514 | 10,223 | 13,755 | 19,009 | 10,722 | 10,620 | 10,513 | 11,760 | 13,928 | 3,037 |
| Total assets | <u>\$ 1,106,336</u> | <u>\$ 1,003,372</u> | <u>\$ 1,153,911</u> | <u>\$ 1,310,507</u> | <u>\$ 1,332,795</u> | <u>\$ 1,397,896</u> | <u>\$ 1,291,815</u> | <u>\$ 1,218,302</u> | <u>\$ 1,314,939</u> | <u>\$ 1,463,311</u> | <u>\$ 1,661,478</u> | <u>\$ 1,558,400</u> | <u>\$ 1,445,735</u> | <u>\$ 1,060,291</u> | <u>\$ 689,129</u> | <u>\$ 537,069</u> |
| Liabilities | \$ 36,616 | \$ 18,814 | \$ 28,916 | \$ 15,236 | \$ 150,053 | \$ 168,391 | \$ 86,525 | \$ 88,627 | \$ 82,506 | \$ 12,852 | \$ 10,568 | \$ 9,000 | \$ 82,005 | \$ 10,267 | \$ 12,808 | \$ 4,013 |
| Net assets | | | | | | | | | | | | | | | | |
| Without donor restrictions | 980,987 | 835,487 | 531,351 | 470,975 | 378,983 | 290,108 | 230,416 | 173,072 | 258,340 | 367,136 | 440,214 | 356,759 | 378,244 | 369,127 | 233,470 | 217,643 |
| With donor restrictions | 88,733 | 149,071 | 593,644 | 824,296 | 803,759 | 939,397 | 974,874 | 956,603 | 974,093 | 1,083,323 | 1,210,696 | 1,192,641 | 985,486 | 680,897 | 442,851 | 315,413 |
| Total liabilities and net assets | <u>\$ 1,106,336</u> | <u>\$ 1,003,372</u> | <u>\$ 1,153,911</u> | <u>\$ 1,310,507</u> | <u>\$ 1,332,795</u> | <u>\$ 1,397,896</u> | <u>\$ 1,291,815</u> | <u>\$ 1,218,302</u> | <u>\$ 1,314,939</u> | <u>\$ 1,463,311</u> | <u>\$ 1,661,478</u> | <u>\$ 1,558,400</u> | <u>\$ 1,445,735</u> | <u>\$ 1,060,291</u> | <u>\$ 689,129</u> | <u>\$ 537,069</u> |
| Statement of Activities | | | | | | | | | | | | | | | | |
| Support and revenue | | | | | | | | | | | | | | | | |
| Without donor restriction | | | | | | | | | | | | | | | | |
| Contributions | \$ 116,142 | \$ 162,830 | \$ 48,550 | \$ 98,795 | \$ 91,643 | \$ 85,168 | \$ 87,075 | \$ 87,250 | \$ 94,667 | \$ 36,881 | \$ 80,866 | \$ 103,655 | \$ 187,972 | \$ 225,899 | \$ 111,147 | \$ 226,496 |
| Program fees | - | 48 | 289 | 6,135 | 14,956 | 19,783 | 15,666 | 11,006 | 26,033 | 25,695 | 23,039 | 23,272 | 24,819 | 27,781 | 20,475 | 20,888 |
| Interest and dividend income | 13,697 | 19,962 | 26,033 | 11,174 | 24,435 | 13,030 | 5,963 | 3,868 | 4,636 | 8,593 | 15,297 | 21,859 | 27,278 | 17,624 | 10,821 | 3,452 |
| Other | 88,559 | 2,580 | 19,669 | 7,763 | 26,260 | 16,915 | 3,198 | 9,962 | - | - | 2,471 | 4,745 | - | 5 | 1,695 | 2,068 |
| With donor restrictions | 458,417 | 265,315 | 323,494 | 591,249 | 568,471 | 676,870 | 721,358 | 470,190 | 470,533 | 380,510 | 783,903 | 930,243 | 921,768 | 755,439 | 636,220 | 471,980 |
| Total support and revenue | <u>676,815</u> | <u>450,735</u> | <u>418,035</u> | <u>715,116</u> | <u>725,765</u> | <u>811,766</u> | <u>833,260</u> | <u>582,276</u> | <u>595,869</u> | <u>451,679</u> | <u>905,576</u> | <u>1,083,774</u> | <u>1,161,837</u> | <u>1,026,748</u> | <u>780,358</u> | <u>724,884</u> |
| Expenses | | | | | | | | | | | | | | | | |
| Program | 534,020 | 506,437 | 512,420 | 531,746 | 687,364 | 681,700 | 651,474 | 597,217 | 690,480 | 576,204 | 722,666 | 817,654 | 756,635 | 568,462 | 541,153 | 307,467 |
| General and administrative | 39,358 | 43,137 | 38,241 | 37,158 | 33,942 | 34,516 | 49,966 | 38,742 | 49,256 | 31,363 | 31,727 | 30,367 | 39,887 | 30,878 | 52,817 | 13,826 |
| Fundraising | 18,275 | 41,598 | 37,650 | 33,683 | 51,222 | 71,335 | 56,205 | 49,075 | 74,159 | 44,563 | 49,673 | 50,086 | 51,609 | 53,705 | 43,123 | 35,446 |
| Total expenses | <u>591,653</u> | <u>591,172</u> | <u>588,311</u> | <u>602,587</u> | <u>772,528</u> | <u>787,551</u> | <u>757,645</u> | <u>685,034</u> | <u>813,895</u> | <u>652,130</u> | <u>804,066</u> | <u>898,107</u> | <u>848,131</u> | <u>653,045</u> | <u>637,093</u> | <u>356,739</u> |
| Change in net assets | <u>\$ 85,162</u> | <u>\$ (140,437)</u> | <u>\$ (170,276)</u> | <u>\$ 112,529</u> | <u>\$ (46,763)</u> | <u>\$ 24,215</u> | <u>\$ 75,615</u> | <u>\$ (102,758)</u> | <u>\$ (218,026)</u> | <u>\$ (200,451)</u> | <u>\$ 101,510</u> | <u>\$ 185,667</u> | <u>\$ 313,706</u> | <u>\$ 373,703</u> | <u>\$ 143,265</u> | <u>\$ 368,145</u> |

Note: The above information for 2006 through 2018 was obtained from previously issued audited financial statements. See accompanying independent auditors' report.