

NORTH CAROLINA COUNCIL ON
ECONOMIC EDUCATION, INC.

Financial Statements

For the Years Ended
December 31, 2020 and 2019



NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.

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For the Years Ended
December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
North Carolina Council on Economic Education, Inc.
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of North Carolina Council on Economic Education, Inc. (a nonprofit corporation) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 entity'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 entity'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 financial position of North Carolina Council on Economic Education, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alex Pappas, CPA, P.A.

Certified Public Accountant

July 15, 2021

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.

**Statements of Financial Position
As of December 31, 2020 and 2019**

ASSETS

| | 12/31/20 | 12/31/19 |
|------------------------------------|--------------------------|--------------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 181,811 | \$ 189,425 |
| Accounts Receivable (Note 5) | 5,000 | 10,443 |
| Prepaid Expenses | 3,296 | 3,405 |
| Total Current Assets | <u>190,107</u> | <u>203,273</u> |
| Property and Equipment | | |
| Furniture & Fixtures | 6,280 | 6,280 |
| Equipment | 6,106 | 6,106 |
| Computer Equipment | 21,880 | 21,880 |
| | <u>34,266</u> | <u>34,266</u> |
| Less: Accumulated Depreciation | <u>(33,318)</u> | <u>(33,047)</u> |
| Total Property and Equipment (net) | 948 | 1,219 |
| Other Assets | | |
| NC Section 529 Plans (Note 2) | 1,695 | 1,658 |
| Right-of-Use Assets (Note 3) | 51,237 | - |
| Website Design | 21,100 | 18,100 |
| Less: Accumulated Amortization | <u>(16,110)</u> | <u>(13,534)</u> |
| Total Other Assets | <u>57,922</u> | <u>6,224</u> |
| Total Assets | <u><u>\$ 248,977</u></u> | <u><u>\$ 210,716</u></u> |

LIABILITIES AND NET ASSETS

| | 12/31/20 | 12/31/19 |
|---------------------------------------|--------------------------|--------------------------|
| Current Liabilities | | |
| Accounts Payable | \$ 3,450 | \$ 7,712 |
| Lease Liability - Short-Term (Note 3) | 14,944 | - |
| Total Current Liabilities | <u>18,394</u> | <u>7,712</u> |
| Long-Term Liabilities | | |
| Lease Liability - Long-Term (Note 3) | 36,293 | - |
| Total Long-Term Liabilities | <u>36,293</u> | <u>-</u> |
| Total Liabilities | 54,687 | 7,712 |
| Net Assets | | |
| Without Donor Restrictions | 62,841 | 10,185 |
| With Donor Restrictions (Note 9) | 131,449 | 192,819 |
| Total Net Assets | <u>194,290</u> | <u>203,004</u> |
| Total Liabilities and Net Assets | <u><u>\$ 248,977</u></u> | <u><u>\$ 210,716</u></u> |

The Accountant's Report and accompanying notes are integral parts of these financial statements.

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Statement of Activities
For the Year Ended December 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|-------------------|
| Revenues, Gains, and Other Support | | | |
| Support | | | |
| Contributions | \$ 56,306 | \$ - | \$ 56,306 |
| Sponsorships | 50,000 | - | 50,000 |
| Grant Income | - | 298,880 | 298,880 |
| Revenue | | | |
| Stock Market Game | 170 | - | 170 |
| Special Events | - | - | - |
| Unrealized Gain on 529 Plans | 29 | - | 29 |
| Investment Return | 11 | - | 11 |
| Sales Tax Refunds | - | - | - |
| Other Income | 4,378 | - | 4,378 |
| Net Assets | | | |
| Released From Restrictions | 360,250 | (360,250) | - |
| Total Support and Revenue | \$ 471,144 | \$ (61,370) | \$ 409,774 |
| Expenses | | | |
| Program Services | | | |
| Education & Training | \$ 205,971 | \$ - | \$ 205,971 |
| Stock Market Game | 8,645 | - | 8,645 |
| Travel & Supplies | 3,224 | - | 3,224 |
| Scholarships Awarded | 500 | - | 500 |
| 529 Plan Distributions | - | - | - |
| Other Program Expenses | 163,040 | - | 163,040 |
| | 381,380 | - | 381,380 |
| Supporting Services | | | |
| Management & General | 37,108 | - | 37,108 |
| Fundraising Expenses | - | - | - |
| Total Expenses | 418,488 | - | 418,488 |
| Change in Net Assets | \$ 52,656 | \$ (61,370) | \$ (8,714) |
| Net Assets - Beginning of Year | 10,185 | 192,819 | 203,004 |
| Net Assets - End of Year | \$ 62,841 | \$ 131,449 | \$ 194,290 |

The Accountant's Report and accompanying notes are integral parts of these financial statements.

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Statement of Activities
For the Year Ended December 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|------------|
| Revenues, Gains, and Other Support | | | |
| Support | | | |
| Contributions | \$ 24,667 | \$ - | \$ 24,667 |
| Sponsorships | 10,500 | - | 10,500 |
| Grant Income | - | 345,776 | 345,776 |
| Revenue | | | |
| Stock Market Game | 1,410 | - | 1,410 |
| Special Events | 630 | - | 630 |
| Unrealized Gain on 529 Plans | 56 | - | 56 |
| Investment Return | 34 | - | 34 |
| Sales Tax Refunds | 224 | - | 224 |
| Other Income | - | - | - |
| Net Assets | | | |
| Released From Restrictions | 180,457 | (180,457) | - |
| Total Support and Revenue | \$ 217,978 | \$ 165,319 | \$ 383,297 |
| Expenses | | | |
| Program Services | | | |
| Education & Training | \$ 28,676 | \$ - | \$ 28,676 |
| Stock Market Game | 16,148 | - | 16,148 |
| Travel & Supplies | 11,696 | - | 11,696 |
| Scholarships Awarded | - | - | - |
| 529 Plan Distributions | 896 | - | 896 |
| Other Program Expenses | 146,226 | - | 146,226 |
| | 203,642 | - | 203,642 |
| Supporting Services | | | |
| Management & General | 32,785 | - | 32,785 |
| Fundraising Expenses | - | - | - |
| Total Expenses | 236,427 | - | 236,427 |
| Change in Net Assets | \$ (18,449) | \$ 165,319 | \$ 146,870 |
| Net Assets - Beginning of Year | 28,634 | 27,500 | 56,134 |
| Net Assets - End of Year | \$ 10,185 | \$ 192,819 | \$ 203,004 |

The Accountant's Report and accompanying notes are integral parts of these financial statements.

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Statement of Functional Expenses
For the Twelve Months Ended December 31, 2020

| | Program Services | Mgmt. & General | Fundraising | Total |
|-----------------------------|---------------------|--------------------|-------------|-------------------|
| Bad Debt | \$ - | \$ - | \$ - | \$ - |
| Bank Charges / Service Fees | - | 103 | - | 103 |
| Dues & Subscriptions | - | - | - | - |
| Insurance - General | 1,986 | 497 | - | 2,483 |
| Internship Expenses | 550 | - | - | 550 |
| Lease Expense | 10,912 | 3,637 | - | 14,549 |
| Legal & Accounting Services | 1,807 | 5,419 | - | 7,226 |
| Meals | 1,490 | - | - | 1,490 |
| Meetings & Conferences | 749 | - | - | 749 |
| Office Supplies & Expense | 2,138 | 534 | - | 2,672 |
| Payroll Taxes | 9,844 | 1,094 | - | 10,938 |
| Postage | 1,077 | 120 | - | 1,197 |
| Printing & Binding | 764 | - | - | 764 |
| Retirement Expense | - | 6,557 | - | 6,557 |
| Retirement Plan Fees | - | 985 | - | 985 |
| Salaries & Wages | 126,738 | 14,082 | - | 140,820 |
| Taxes & Licenses | 227 | - | - | 227 |
| Telephone & Internet | 4,231 | 1,058 | - | 5,289 |
| Utilities | 527 | 175 | - | 702 |
| | <u>163,040</u> | <u>34,261</u> | <u>-</u> | <u>197,301</u> |
| Amortization Expense | - | 2,576 | - | 2,576 |
| Depreciation Expense | - | 271 | - | 271 |
| | <u>-</u> | <u>2,847</u> | <u>-</u> | <u>2,847</u> |
| | <u>\$ 163,040</u> | <u>\$ 37,108</u> | <u>\$ -</u> | <u>\$ 200,148</u> |

The Accountant's Report and accompanying notes are integral parts of these financial statements.

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Statement of Functional Expenses
For the Twelve Months Ended December 31, 2019

| | Program Services | Mgmt. & General | Fundraising | Total |
|-----------------------------|---------------------|--------------------|-------------|-------------------|
| Bad Debt | \$ 1,068 | \$ - | \$ - | \$ 1,068 |
| Bank Charges / Service Fees | - | 267 | - | 267 |
| Dues & Subscriptions | 432 | 108 | - | 540 |
| Insurance - General | 2,153 | 538 | - | 2,691 |
| Internship Expenses | - | - | - | - |
| Lease Expense | 10,800 | 3,600 | - | 14,400 |
| Legal & Accounting Services | 1,778 | 5,335 | - | 7,113 |
| Meals | 2,861 | - | - | 2,861 |
| Meetings & Conferences | 660 | - | - | 660 |
| Office Supplies & Expense | 4,357 | 1,089 | - | 5,446 |
| Payroll Taxes | 8,771 | 975 | - | 9,746 |
| Postage | 151 | 17 | - | 168 |
| Printing & Binding | 817 | - | - | 817 |
| Retirement Expense | - | 5,510 | - | 5,510 |
| Retirement Plan Fees | - | 1,472 | - | 1,472 |
| Salaries & Wages | 109,373 | 12,152 | - | 121,525 |
| Taxes & Licenses | 437 | - | - | 437 |
| Telephone & Internet | 2,179 | 545 | - | 2,724 |
| Utilities | 389 | 129 | - | 518 |
| | <u>146,226</u> | <u>31,737</u> | <u>-</u> | <u>177,963</u> |
| Amortization Expense | - | 913 | - | 913 |
| Depreciation Expense | - | 135 | - | 135 |
| | <u>-</u> | <u>1,048</u> | <u>-</u> | <u>1,048</u> |
| | <u>\$ 146,226</u> | <u>\$ 32,785</u> | <u>\$ -</u> | <u>\$ 179,011</u> |

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

| | 12/31/20 | 12/31/19 |
|--|-------------------|-------------------|
| Operating Activities: | | |
| Change in Net Assets | \$ (8,714) | \$ 146,870 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation & Amortization | 2,847 | 1,048 |
| (Increase) decrease in accounts receivable | 5,443 | (3,753) |
| (Increase) decrease in prepaid expenses | 109 | (1,633) |
| Increase (decrease) in accounts payable | (4,262) | 6,238 |
| Net cash provided by (used for) operating activities | (4,577) | 148,770 |
| Investing Activities: | | |
| Purchase of Property & Equipment | - | (1,354) |
| Investment in Website Design | (3,000) | (5,479) |
| (Increase) Decrease in FMV of Section 529 Plans | (37) | 809 |
| Net cash provided by (used for) investing activities | (3,037) | (6,024) |
| Financing Activities: | | |
| None | - | - |
| Net cash provided by (used for) financing activities | - | - |
| Net increase in cash and cash equivalents | \$ (7,614) | \$ 142,746 |
| Cash and cash equivalents as of beginning of year | 189,425 | 46,679 |
| Cash and cash equivalents as of end of year | <u>\$ 181,811</u> | <u>\$ 189,425</u> |
| Supplemental Disclosures: | | |
| Noncash investing and financing transaction: | | |
| Lease of office space | | |
| Right-of-use asset | \$ 51,237 | \$ - |
| Operating lease obligation | (51,237) | - |
| Interest Paid | \$ - | \$ - |

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Founded in 1970, the North Carolina Council on Economic Education, Inc. (the Organization) is a nonprofit corporation that seeks to enhance and advance economic and financial education for K-12 educators and students of North Carolina. The Organization provides financial literacy courses, workshops and programs, and economic education training to more than 1,000 North Carolina teachers each year.

The North Carolina Council on Economic Education, Inc. seeks to accomplish its mission through standards-based workshops and a variety of resources for educators, academic competitions for students, and advocacy for financial education and training in school systems throughout the state.

The North Carolina Council on Economic Education, Inc. is an affiliate of the Council for Economic Education (CEE), a national organization which focuses on the economic and financial education of students from kindergarten through high school.

Basis of Accounting

The financial statements of North Carolina Council on Economic Education, Inc. have been prepared on the accrual basis, which is in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

North Carolina Council on Economic Education, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The Organization places its cash and cash equivalents on deposit with local financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) provides coverage up to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest-bearing transaction accounts. The Organization did not exceed the insured amount as of December 31, 2020 and 2019. Cash and cash equivalents on December 31, 2020 was comprised of a checking account at BB&T.

Public Support and Revenue

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction when such assets are acquired and placed in service.

Property, Equipment, and Leasehold Improvements

Maintenance and repairs are expensed as incurred. Property, equipment, and leasehold improvements whose acquisition cost exceeds \$500 are capitalized and carried at cost. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed, and any gain or loss is included in income. Leasehold improvements are to be amortized over the shorter of the lease term or useful life.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|----------------------|---------|
| Furniture & Fixtures | 5 years |
| Equipment | 5 years |
| Computer Equipment | 5 years |

Depreciation Expense for the years ended December 31, 2020 and 2019 was \$271 and \$135.

Operating Lease Right-of-Use Assets valued at \$51,237 were also reported as of December 31, 2020 (See Note 3).

Cost associated with the Organization's website design and development are amortized over a 5-year period. Amortization Expense for the years ended December 31, 2020 and 2019 was \$2,576 and \$913.

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising and marketing costs, which are included in administrative expenses, are expensed as incurred. There were no expenses specifically classified as Advertising or Marketing for the years ended December 31, 2020 and 2019.

Income Taxes

North Carolina Council on Economic Education, Inc. is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 (IRC). As such, the Organization is not taxed on income derived from its exempt functions. However, the Organization is subject to tax on unrelated business income, which is generated from investment income and other activities not related to their stated exempt purposes. The Organization had no significant deferred income tax assets or liabilities as of December 31, 2020, nor was there any unrelated business income for the year ended December 31, 2020.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years subject to examination by the Internal Revenue Service are 2017, 2018, and 2019. The Organization is not currently under audit nor has the Organization been contacted by any jurisdictions. Therefore, no provision for the effects of uncertain tax positions have been recorded for the year ended December 31, 2020.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

There was no accrued vacation time to report as of December 31, 2020 or 2019.

Adoption of New Accounting Standards

During the year ended December 31, 2020, the Organization adopted ASU No. 2016-02 “Leases (Topic 842)” and subsequent amendments thereto, which requires the Organization to recognize most leases on the Statement of Financial Position. Adoption of the leasing standard resulted in the recognition of Operating Right-of-Use Assets and Operating Lease Liabilities. Disclosures regarding the Organization’s leasing activities are presented in Note 3 – Lease Commitments.

NOTE 2 – SECTION 529 ACCOUNTS

The Organization maintains several NC §529 accounts with the College Foundation of North Carolina. These accounts are established as scholarship awards that are granted to the first-place winners of a localized version of the statewide Stock Market Game™ competition.

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 2 – SECTION 529 ACCOUNTS (continued)

Established in 2012, this program is a joint effort of the Youth Education for Saving Consortium, the North Carolina Council on Economic Education, and the Garner Road Community Center. Individuals are typically granted between \$300 and \$500 each, and funding for the program is received from Square 1 Bank of Durham. Withdrawals are made as disbursements to educational institutions in accordance with state and federal regulations. Balances for the §529 accounts are presented at Fair Market Value (FMV).

During the years ended December 31, 2020 and 2019, the Organization reported the following activity:

| | <u>2020</u> | <u>2019</u> |
|------------------------|-----------------|-----------------|
| Beginning FMV | \$ 1,658 | \$ 2,467 |
| Contributions | 0 | 0 |
| Disbursements | (0) | (896) |
| Investment Fees | (3) | (3) |
| Interest Earned | 11 | 34 |
| Change in Market Value | <u>29</u> | <u>56</u> |
| Ending FMV | <u>\$ 1,695</u> | <u>\$ 1,658</u> |

NOTE 3 – LEASE COMMITMENTS

Leases are classified as either operating or finance leases at the lease commencement date. The lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Organization leases its office space under a contract accounted-for as an operating lease. The current operating lease agreement, which provides for graduated monthly payments of between \$1,224.88 and \$1,319.06 expires in April of 2024. Payments on the lease during the years 2020 and 2019 were \$14,549 and \$14,400.

Right-of-use assets and lease liabilities as of December 31, 2020 are as follows:

| | |
|---------------------------------------|-----------|
| Operating Lease Right-of-Use Asset | \$ 51,237 |
| Operating Lease Liability, short-term | \$ 14,944 |
| Operating Lease Liability, long-term | \$ 36,293 |

Based on the terms of existing contracts, future lease payment obligations are as follows:

| | |
|------|------------------|
| 2021 | \$ 14,944 |
| 2022 | \$ 15,317 |
| 2023 | \$ 15,700 |
| 2024 | <u>\$ 5,276</u> |
| | <u>\$ 51,237</u> |

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 4 – IN-KIND DONATIONS

Unless otherwise noted below, contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

During the years ended December 31, 2020 and 2019, North Carolina Council on Economic Education, Inc. did not receive any reportable in-kind donations.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts Receivable consist of (a) expenses paid by NCCEE due from other organizations from collaborative events; (b) Stock Market Game fees due from individuals and other organizations; (c) reimbursements due from teachers in accordance with certain grant requirements; and (d) reimbursements due from third parties for other reasons. The Accounts Receivable balance as of December 31, 2020 and 2019 was \$5,000 and \$10,443.

Based on historical trends, the Organization collects outstanding amounts within a reasonable period of time so no allowance for doubtful accounts is reported. Balances are reviewed annually, and those deemed uncollectible by the Executive Director are removed and reported as Bad Debt using the direct charge-off method. The Bad Debt expense as of December 31, 2020 and 2019 was \$0 and \$1,068.

NOTE 6 – LIQUIDITY

North Carolina Council on Economic Education, Inc. has approximately \$186,811 of financial assets available within one year of the date of the Statement of Financial Position to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the Statement of Financial Position.

The Organization had approximately \$199,868 of financial assets available within one year of the date of the Statement of Financial Position to meet cash needs for general expenditures as of December 31, 2019.

NOTE 7 – FUNCTIONAL EXPENSES

The costs of providing program and other activities are reported on a functional basis in the statement of activities and statement of functional expenses. Expenses have been allocated among classifications of Program Services, Management & General, and Fundraising using a combination of two methods:

Direct Allocation

Expense transactions are assigned to one or more functional categories based on direct usage.

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 7 – FUNCTIONAL EXPENSES (continued)

Indirect Allocation

Expense totals are allocated by using financial and non-financial information to determine an objective basis on which to categorize expenses.

Allocations in these financial statements are determined by management on a discretionary and equitable basis.

NOTE 8 – RETIREMENT PLAN

The North Carolina Council on Economic Education, Inc. provides a 401(k) retirement plan for eligible employees through Branch Banking and Trust (BB&T). Employees who have completed 90 days of service and are age eighteen or older may participate in the plan.

Employees may elect to contribute a percentage of their annual compensation to the plan. The Organization provides matching contributions of 100% of the first 5% of gross compensation.

Employees are 100% vested in their contributions immediately and are vested in the matching contributions after three years of service.

The matching contribution made by the Organization for the twelve months ended December 31, 2020 was \$6,557. The matching contribution made by the Organization for the twelve months ended December 31, 2019 was \$5,510.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at the end of the year represents unexpended grants and other forms of income designated by donors for a temporary and specific purpose. Donor restricted net assets consist for the following purposes as of December 31, 2020:

Temporarily restricted net assets were available for the following purposes as of December 31, 2020:

| Source of Funds / Program | Unexpended funds Received in 2020 |
|--|--------------------------------------|
| Fidelity Foundation – Teacher training programs | \$ 82,859 |
| Calvin K. Kazanjian Econ. Fdn. – Teacher training programs | \$ 9,590 |
| Ally Bank – Stock Market Game | \$ 6,250 |
| Ally Bank – Financial literacy programs | \$ 6,250 |
| Fidelity Investments - InvestWrite program | \$ 5,000 |
| Council for Econ. Educ. – National Personal Fin. challenge | \$ 1,500 |
| Council for Econ. Educ. – Invest in Girls program | \$ 10,000 |
| Coastal Federal Credit Union – Stock Market Game | \$ 10,000 |
| | <u>\$ 131,449</u> |

NORTH CAROLINA COUNCIL ON ECONOMIC EDUCATION, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net Assets are released from donor restrictions by incurring expenses satisfying the purpose specified by donors. Net Assets released from donor restrictions during the year ended December 31, 2020 totaled \$360,250.

Temporarily restricted net assets were available for the following purposes as of December 31, 2019:

| Source of Funds / Program | Unexpended funds Received in 2019 |
|--|--------------------------------------|
| Ally Bank – Stock Market Game | \$ 12,500 |
| First Horizon – Teacher training programs | \$ 25,000 |
| Ally Bank – Stock Market Game | \$ 10,000 |
| Ally Bank – Stock Market Game | \$ 20,794 |
| Coastal Federal Credit Union – Stock Market Game | <u>\$ 124,525</u> |
| | <u>\$ 192,819</u> |

Net Assets are released from donor restrictions by incurring expenses satisfying the purpose specified by donors. Net Assets released from donor restrictions during the year ended December 31, 2019 totaled \$180,457.

NOTE 10 – SUBSEQUENT EVENTS

The Organization is currently evaluating the effects of the COVID-19 virus and its impact on nonprofit organizations and has concluded that while it is reasonably possible that the virus could have a negative effect on the results of operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

These financial statements considered subsequent events through July 15, 2021, the date the financial statements were available to be issued.