
HISTORY OF ECONOMICS SOCIETY

FINANCIAL STATEMENTS

MAY 31, 2021

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MAY 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
History of Economics Society

We have audited the accompanying financial statements of **History of Economics Society** (a nonprofit organization), which comprise the statement of financial position as of May 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' 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 of 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 auditors' 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 auditors consider 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **History of Economics Society** as of May 31, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Kiefer Bonfanti & Co. LLP

St. Louis, Missouri
October 19, 2021

HISTORY OF ECONOMICS SOCIETY

STATEMENT OF FINANCIAL POSITION
MAY 31, 2021

| Assets | |
|---|---------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 46,624 |
| Accounts receivable | 36,297 |
| Prepaid expenses | 3,163 |
| Accrued interest | 105 |
| Total Current Assets | 86,189 |
| Prepaid Expenses, Non-Current | 5,033 |
| Investments, at Fair Value | 1,149,529 |
| Total Assets | \$ 1,240,751 |
| | |
| Liabilities and Net Assets | |
| Current Liabilities | |
| Accounts payable | \$ 7,910 |
| Accrued expenses | 2,229 |
| Deferred revenue | 8,017 |
| Total Current Liabilities | 18,156 |
| Deferred Revenue, Non-Current | 4,989 |
| Total Liabilities | 23,145 |
| | |
| Net Assets | |
| Without donor restrictions | 1,162,606 |
| With donor restrictions | 55,000 |
| Total Net Assets | 1,217,606 |
| Total Liabilities and Net Assets | \$ 1,240,751 |

HISTORY OF ECONOMICS SOCIETY

STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Support, Revenue, and Gains (Losses) | | | |
| Membership dues | \$ 10,755 | - | \$ 10,755 |
| Publications | 63,712 | - | 63,712 |
| Conferences | 560 | - | 560 |
| Investment income | 227,301 | - | 227,301 |
| Foreign currency loss | (73) | - | (73) |
| Total Support, Revenue, and Gains (Losses) | 302,255 | - | 302,255 |
| Expenses | | | |
| Program services | 51,241 | - | 51,241 |
| Management and general | 24,592 | - | 24,592 |
| Fundraising | 2,179 | - | 2,179 |
| Total Expenses | 78,012 | - | 78,012 |
| Increase in Net Assets | 224,243 | - | 224,243 |
| Net Assets, Beginning of Year | 942,926 | 55,000 | 997,926 |
| Adoption of ASU No. 2014-09 | (2,543) | - | (2,543) |
| Prior Period Adjustment | (2,020) | - | (2,020) |
| Net Assets, End of Year | \$ 1,162,606 | 55,000 | \$ 1,217,606 |

HISTORY OF ECONOMICS SOCIETY

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2021**

| | <u>Program Services</u> | | | | | <u>Supporting Activities</u> | | <u>Total</u> |
|-------------------------------------|-------------------------|-------------|-------------------|--------------|-------------------------------|-------------------------------|--------------------|------------------|
| | <u>Programming</u> | <u>ASSA</u> | <u>Conference</u> | <u>JHET</u> | <u>Total Program Expenses</u> | <u>Management and General</u> | <u>Fundraising</u> | |
| Grants and awards | \$ 23,922 | - | 223 | - | 24,145 | - | - | \$ 24,145 |
| Professional fees | - | - | - | - | - | 17,308 | - | 17,308 |
| Payroll expenses | 9,006 | - | - | - | 9,006 | 5,275 | 1,501 | 15,782 |
| Office expenses | 3,489 | - | 424 | 7,868 | 11,781 | 2,009 | 678 | 14,468 |
| Conferences | - | 60 | 4,249 | 2,000 | 6,309 | - | - | 6,309 |
| Total | \$ 36,417 | 60 | 4,896 | 9,868 | 51,241 | 24,592 | 2,179 | \$ 78,012 |
| Percentage of Total Expenses | 46.7% | 0.1% | 6.3% | 12.6% | 65.7% | 31.5% | 2.8% | 100.0% |

HISTORY OF ECONOMICS SOCIETY

STATEMENT OF CASH FLOWS
YEAR ENDED MAY 31, 2021

| | |
|---|------------------|
| Cash Flows from Operating Activities | |
| Increase in net assets | \$ 224,243 |
| Adjustments: | |
| Adoption of ASU No. 2014-09 | (2,543) |
| Prior period adjustment | (2,020) |
| Realized and unrealized gain on investments | (206,472) |
| Foreign currency loss | 73 |
| (Increase) decrease in operating assets | |
| Accounts receivable | (14,018) |
| Prepaid expenses | (1,115) |
| Increase (decrease) in operating liabilities | |
| Accounts payable | (12,047) |
| Accrued expenses | 1,574 |
| Deferred revenue | 11,986 |
| Net Cash Used by Operating Activities | (339) |
| Cash Flows from Investing Activities | |
| Purchase of investments | (43,918) |
| Proceeds from sale of investments | 43,499 |
| Net Cash Used by Investing Activities | (419) |
| Net Decrease in Cash and Cash Equivalents | (758) |
| Cash and Cash Equivalents, Beginning of Year | 47,382 |
| Cash and Cash Equivalents, End of Year | \$ 46,624 |

HISTORY OF ECONOMICS SOCIETY

NOTES TO FINANCIAL STATEMENTS MAY 31, 2021

BUSINESS DESCRIPTION

History of Economics Society (the Society) is a not-for-profit organization that was formally established and held its first annual meeting in May 1974 at the University of North Carolina at Chapel Hill. Its established purpose is:

- To promote interest in, and inquiry into, the history of economics and related disciplines;
- To facilitate communication and discourse among scholars working in the field of the history of economics; and
- To disseminate knowledge about the history of economics.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Society uses the accrual method of accounting.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Society to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Society reports its information regarding financial position and activities according to the following net asset classifications:

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 primary objective of the Society. These net assets may be used at the discretion of the Society's management and board of directors.

Net assets with donor restrictions

Net assets subject to stipulation imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were donor restrictions perpetual in nature of \$55,000 for the year ended May 31, 2021.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Society considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms generally requiring payment upon receipt. The Society does not charge interest on any accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off. Management does not consider an allowance for uncollectible receivables to be necessary. There was no bad debt expense for the year ended May 31, 2021.

HISTORY OF ECONOMICS SOCIETY

Notes to Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments Valuation and Income Recognition

The Society's investments are reported 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 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Society presents, in the Statement of Activities, net investment income, which consists of the dividend and interest income (net of investment fees), realized gains (losses) and unrealized appreciation (depreciation) on those investments.

Foreign Currency Adjustments

Exchange gains and losses arising from remeasurement of foreign currency-denominated monetary assets and liabilities are included in income in the period in which they occur.

Revenue and Revenue Recognition

The Society receives revenue from membership dues, publications, and conferences. Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided. The Organization recognizes the exchange portion of membership dues over the membership period, which is generally one year or three years.

The Society recognizes revenue derived from publications each quarter of the volume year as the publication is issued or otherwise made available to the subscriber.

The Society recognizes revenue derived from conferences at the time the event takes place.

Adoption of New Accounting Standard

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The standard changes the timing in which the Society recognizes membership dues and publication revenue. The Society's accounting policy through May 31, 2020 was to recognize membership dues revenue, in its entirety, when received and to recognize publication revenue when invoiced. Beginning in June 2020, the exchange portion of membership dues has been recognized over the membership period, and publication revenue has been recognized as the publication is issued or otherwise made available to the subscriber. Refer to the revenue recognition disclosure above for additional information.

The Society adopted the new standard effective June 1, 2020, the first day of the Society's fiscal year, using the modified retrospective approach. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. The cumulative adjustment recorded upon adoption of ASU No. 2014-09 consisted of deferred revenue of \$2,543 which is included on the Statement of Activities.

HISTORY OF ECONOMICS SOCIETY

Notes to Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| Expense | Method of Allocation |
|-------------------|-------------------------------|
| Grants and awards | Direct costs |
| Professional fees | Direct costs |
| Payroll expenses | Direct costs, time and effort |
| Office expenses | Direct costs |
| Conferences | Direct costs |

Income Tax Status

The Society is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Society has evaluated its tax positions, expiring tax statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions. The Society's federal Form 990s are subject to examination, generally for three years after they are filed. As of October 19, 2021, no informational returns have been selected for examination.

Subsequent Events

The Society has evaluated subsequent events through October 19, 2021, the date which the financial statements were available to be issued, for possible recognition or disclosure.

NOTE 2 AVAILABILITY AND LIQUIDITY

The Society's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

| | |
|--|---------------------|
| Financial assets at May 31, 2021: | |
| Cash and cash equivalents | \$ 46,624 |
| Accounts receivable | 36,297 |
| Investments | 1,149,529 |
| Total Financial Assets | 1,232,450 |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | 55,000 |
| Less net assets with time and purpose restrictions to be met in less than one year | - |
| Total amounts not available to be used within one year | 55,000 |
| Financial assets available to meet general expenditures over the next twelve months | \$ 1,177,450 |

HISTORY OF ECONOMICS SOCIETY

Notes to Financial Statements (Continued)

NOTE 2 AVAILABILITY AND LIQUIDITY (CONTINUED)

The Society is substantially supported by publication revenues and investment income without donor restrictions. As part of the Society's liquidity management, the policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 3 CONCENTRATIONS OF CREDIT AND MARKET RISK

Financial instruments that potentially subject the Society to concentrations of credit and market risk consist principally of cash, investments, and trade accounts receivable.

The Society maintains its cash primarily with one major financial institution. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 under the FDIC's general deposit insurance rules. Cash balances did not exceed the FDIC limits at May 31, 2021.

The Society has a significant number of investments in marketable securities that are therefore subject to market risk. Market risk is the possibility that future changes in market price may make a financial instrument less valuable. The Society maintains its investments primarily with one brokerage firm. Securities held at this firm are insured by Securities Investor Protection Corporation (SIPC) up to \$500,000. Investment balances exceeded the SIPC limits by approximately \$671,000 at May 31, 2021.

The Society received 100% of its publication revenue from Cambridge University Press for the year ended May 31, 2021. 100% of receivables are due from Cambridge University Press at May 31, 2021.

NOTE 4 FAIR VALUE MEASUREMENTS

Financial accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

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.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3

Inputs to the valuation methodology are significant unobservable inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at May 31, 2021.

- Equity funds – valued at daily closing price reported on the principal and active market on which the equity fund is traded.
- Bond funds – valued at daily closing price reported on the principal and active market on which the bond fund is traded.
- Exchange traded funds – valued at quoted prices in active markets in which the individual security is traded. When quoted prices are not available fair value is determined using a valuation model.
- Certificates of deposit – valued at principal plus accrued interest. The market value of a CD will vary depending on current interest rates, the length of maturity, and other special features of the CD.
- Real estate investment trusts – valued at daily closing price reported on the principal and active market on which the real estate investment trust is traded.

The inputs or methodologies used for valuing investments may not be an indication of the risk associated with investing in those securities. Furthermore, management believes its valuation methods are appropriate and consistent. The use of different methodologies or assumptions could result in a different fair value measurement at the reporting date.

The Society's assets that are measured at fair value are all valued at level 1 and amount to \$1,149,529 at May 31, 2021.

NOTE 5 COVID-19

On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include an impairment of registrations for in-person conferences and maintaining members. The future effects of these pandemic related issues are unknown.