THE AMERICAN ECONOMIC ASSOCIATION

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

As of and for the Years Ended December 31, 2022 and 2021

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

THE AMERICAN ECONOMIC ASSOCIATION
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Report of Independent Auditor

To the Executive Committee
The American Economic Association
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of The American Economic Association (the "Association) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Association as of December 31, 2022 and 2021, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Association'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 Association'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of program expenses on page 17 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 applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Cherry Bekaert LLP

Nashville, Tennessee
April 18, 2023

THE AMERICAN ECONOMIC ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 1,540,406	$ 1,592,105
Accounts receivable	2,423,307	1,643,933
Prepaid expenses and other	319,993	196,044
Investments	43,677,192	52,781,393
Furniture, fixtures, software, and equipment, net of accumulated depreciation of $1,696,994 and $1,666,649, respectively	62,708	71,828
Operating lease right-of-use assets	717,600	-
Total Assets	$ 48,741,206	$ 56,285,303
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	$ 712,783	$ 504,427
Deferred revenue	3,553,178	2,521,674
Operating lease liability	719,904	-
Total Liabilities	4,985,865	3,026,101
Net Assets:		
Without donor restrictions	43,560,117	53,085,903
With donor restrictions	195,224	173,299
Total Net Assets	43,755,341	53,259,202
Total Liabilities and Net Assets	$ 48,741,206	$ 56,285,303

The accompanying notes to the financial statements are an integral part of these statements.

THE AMERICAN ECONOMIC ASSOCIATION
STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Changes in Net Assets Without Donor Restrictions:		
Operating Support and Revenue:		
License fees	$ 4,734,967	$ 4,426,737
Institutional subscriptions	1,635,582	1,591,269
Job Openings for Economists listing fees	1,415,660	1,299,800
Submission fees	773,900	828,100
Membership dues	998,482	682,536
ASSA annual meeting	786,395	680,954
Government grants	578,082	-
Fulltext, copyright, and other fees	270,215	264,344
Member print and foreign postage	179,587	200,817
Conference fees	76,590	55,481
Advertising	44,875	45,050
Other	26,753	22,712
Net assets released from purpose restrictions	28,010	724
Total Operating Support and Revenue	11,549,098	10,098,524
Operating Expenses:		
Program Services:		
Journals	6,622,426	6,714,468
ASSA annual meeting	830,167	764,628
EconLit	645,555	685,956
Workshops and conferences	572,251	425,990
Resources and initiatives	731,502	817,530
Program committees	379,793	314,447
Web content, maintenance, and communications	500,030	568,357
JOE Network	181,114	166,648
Total Program Services	10,462,838	10,458,024
Supporting Services:		
Management and general	1,511,523	1,347,850
Total Operating Expenses	11,974,361	11,805,874
Change in Net Assets from Operations	(425,263)	(1,707,350)
Nonoperating Activity:		
Investment return	(9,100,523)	7,704,205
Change in Net Assets Without Donor Restrictions	(9,525,786)	5,996,855
Changes in Net Assets With Donor Restrictions:		
Grant proceeds	49,935	7,300
Net assets released from purpose restrictions	(28,010)	(724)
Change in Net Assets With Donor Restrictions	21,925	6,576
Change in net assets	(9,503,861)	6,003,431
Net assets, beginning of year	53,259,202	47,255,771
Net assets, end of year	$ 43,755,341	$ 53,259,202

The accompanying notes to the financial statements are an integral part of these statements.

THE AMERICAN ECONOMIC ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services									Support Services		
	Journals	ASSA Annual Meeting	EconLit	Workshops and Conferences	Resources and Initiatives	Program Committees	Website	JOE Network	Total Program Services	Management and General	Total Support Services	Total Expenses
Salaries and benefits	$ 4,904,262	$ 526,233	$ 489,856	$ -	$ 5,314	$ 91,444	$ 424,959	$ 181,114	$ 6,623,182	$ 877,969	$ 877,969	$ 7,501,151
Distribution and replication	1,269,084	-	796	-	-	18,401	-	-	1,288,281	-	-	1,288,281
Third party coordinator	-	-	-	420,000	497,457	92,556	4,000	-	1,014,013	-	-	1,014,013
Rent and utilities	145,557	77,066	61,041	-	-	-	31,063	-	314,727	115,207	115,207	429,934
Accounting and legal	-	-	-	-	140,615	-	-	-	140,615	167,378	167,378	307,993
Data management	154,099	-	59,819	-	-	-	12,299	-	226,217	53,202	53,202	279,419
Audio/video	-	117,282	-	29,363	16	768	17,496	-	164,925	-	-	164,925
Office expenses	94,664	23,078	10,212	-	-	-	-	-	127,954	30,088	30,088	158,042
Miscellaneous	-	-	8,707	-	34,581	26,547	9,419	-	79,254	66,060	66,060	145,314
Bank charges	-	32,046	-	-	-	-	-	-	32,046	110,555	110,555	142,601
Travel and promotion	18,423	7,015	12,061	5,986	50,669	4,663	794	-	99,611	28,510	28,510	128,121
Food and beverage	-	-	-	98,892	-	3,559	-	-	102,451	-	-	102,451
Society dues	-	-	-	-	2,850	97,278	-	-	100,128	2,156	2,156	102,284
Other meeting expenses	-	45,523	-	18,010	-	16,567	-	-	80,100	-	-	80,100
Insurance	-	1,924	-	-	-	-	-	-	1,924	56,661	56,661	58,585
Depreciation and amortization	27,282	-	3,063	-	-	-	-	-	30,345	-	-	30,345
External grant expense	-	-	-	-	-	28,010	-	-	28,010	-	-	28,010
Prepress supplies	9,055	-	-	-	-	-	-	-	9,055	-	-	9,055
Administrative committees	-	-	-	-		-	-	-	-	3,737	3,737	3,737
	$ 6,622,426	$ 830,167	$ 645,555	$ 572,251	$ 731,502	$ 379,793	$ 500,030	$ 181,114	$ 10,462,838	$ 1,511,523	$ 1,511,523	$ 11,974,361

The accompanying notes to the financial statements are an integral part of these statements.

THE AMERICAN ECONOMIC ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services									Support Services		
	Journals	ASSA Annual Meeting	EconLit	Workshops and Conferences	Resources and Initiatives	Program Committees	Website	JOE Network	Total Program Services	Management and General	Total Support Services	Total Expenses
Salaries and benefits	$ 5,189,740	$ 490,446	$ 530,171	$ -	$ -	$ 81,082	$ 497,220	$ 166,648	$ 6,955,307	$ 782,517	$ 782,517	$ 7,737,824
Third party coordinator	-	-	-	410,000	676,177	81,590	4,000	-	1,171,767	-	-	1,171,767
Distribution and replication	1,099,627	-	167	-	-	17,104	-	-	1,116,898	-	-	1,116,898
Rent and utilities	146,136	76,165	60,426	-	-	-	28,718	-	311,445	114,732	114,732	426,177
Data management	163,693	-	65,033	-	-	-	12,298	-	241,024	59,598	59,598	300,622
Accounting and legal	-	-	-	-	122,779	-	-	-	122,779	140,243	140,243	263,022
Office expenses	93,452	12,544	19,890	-	-	-	-	-	125,886	18,966	18,966	144,852
Bank charges	-	39,747	-	-	-	-	-	-	39,747	96,711	96,711	136,458
Audio/video	-	90,663	-	10,582	-	4,796	17,496	-	123,537	-	-	123,537
Miscellaneous	-	-	7,463	-	17,749	26,725	8,625	-	60,562	62,683	62,683	123,245
Society dues	-	-	-	-	825	92,790	-	-	93,615	1,443	1,443	95,058
Other meeting expenses	-	52,528	-	5,408	-	5,334	-	-	63,270	-	-	63,270
Insurance	-	1,736	-	-	-	-	-	-	1,736	60,488	60,488	62,224
Travel and promotion	2,374	799	1,593	-	-	3,550	-	-	8,316	8,932	8,932	17,248
Depreciation and amortization	12,486	-	1,213	-	-	-	-	-	13,699	-	-	13,699
Prepress supplies	6,960	-	-	-	-	-	-	-	6,960	-	-	6,960
Administrative committees	-	-	-	-	-	-	-	-	-	1,537	1,537	1,537
Food and beverage	-	-	-	-	-	752	-	-	752	-	-	752
External grant expense	-	-	-	-	-	724	-	-	724	-	-	724
	$ 6,714,468	$ 764,628	$ 685,956	$ 425,990	$ 817,530	$ 314,447	$ 568,357	$ 166,648	$ 10,458,024	$ 1,347,850	$ 1,347,850	$ 11,805,874

The accompanying notes to the financial statements are an integral part of these statements.

THE AMERICAN ECONOMIC ASSOCIATION
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flow from operating activities:		
Change in net assets	$ (9,503,861)	$ 6,003,431
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	30,345	13,699
Realized and unrealized investment loss (gain)	10,296,831	(6,428,742)
Noncash lease expense	2,304	-
Changes in operating assets and liabilities:		
Accounts receivable	(779,374)	182,645
Prepaid expenses and other	(123,949)	(34,144)
Accounts payable and accrued liabilities	208,356	(421,074)
Deferred revenue	1,031,504	22,039
Net cash flows from operating activities	1,162,156	(662,146)
Cash flows from investing activities:		
Purchases of investments	(2,949,300)	(3,791,151)
Proceeds from sale of investments	1,756,670	5,015,720
Purchases of furniture, fixtures, software, and equipment	(21,225)	(61,030)
Net cash flows from investing activities	(1,213,855)	1,163,539
Change in cash and cash equivalents	(51,699)	501,393
Cash and cash equivalents, beginning of year	1,592,105	1,090,712
Cash and cash equivalents, end of year	$ 1,540,406	$ 1,592,105
Supplemental disclosures of cash flow information:		
Cash paid during the year for income taxes	$ 4,748	$ 7,600

The accompanying notes to the financial statements are an integral part of these statements.

Note 1—Nature of operations and summary of significant accounting policies

The American Economic Association (the "Association") is an educational organization whose purpose is to encourage economic research, especially the historical and statistical study of the actual conditions of industrial life, to issue publications on economic subjects and to encourage freedom of economic discussion.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Accordingly, net assets of the Association and changes therein are classified and reported 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 primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the Board of Directors.

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 Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for various research programs and economic conferences. None of the Association's net assets with donor restrictions are required to be held in perpetuity by the donors at December 31, 2022 and 2021.

Revenue Recognition, Accounts Receivable, Allowance for Doubtful Accounts, and Deferred Revenue – See Note 2.

Cash and Cash Equivalents – Cash and cash equivalents include highly liquid investments with original maturities of three months or less when purchased.

Investments – Investments are reported at fair value as reported by the respective funds using quoted market prices.

Furniture, Fixtures, Software, and Equipment – Furniture, fixtures, software, and equipment are stated at cost net of accumulated depreciation. Expenditures for ordinary maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of assets are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Depreciation and amortization expense for the years ended December 31, 2022 and 2021 amounted to $30,345 and $13,699, respectively.

Annual Meeting – An annual meeting is held in January of each year by the Association under the name Allied Social Science Associations. Revenues and expenses from the annual meeting are shown at gross on the accompanying statements of activities. The expenses of the annual meeting are expensed as incurred. Also included in the accompanying statements of activities are expenses incurred during the year for the meeting held in January of the following year, which primarily consist of personnel costs of the Association for planning the meeting.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Shipping and Handling Costs – It is the Association's policy to classify shipping and handling costs as a part of operating expenses in the line items to which they relate. Total shipping and handling costs were approximately $292,000 and $280,000 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes – The Association files its federal income tax return as an educational organization substantially exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Association is subject to federal and state income taxes on certain revenues, which are not substantially related to its tax-exempt purpose. This "unrelated business income" includes income from advertising. The Association has recorded expenses of $9,341 and $9,668 in 2022 and 2021, respectively, in federal and state income taxes on unrelated business income which are included in management and general expense on the statements of activities. The Association has been determined to be an organization which is not a private foundation.

The Association accounts for income taxes in accordance with income tax accounting guidance in the Income Taxes topic of FASB ASC. The guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Association does not believe there were any uncertain tax positions at December 31, 2022 and 2021. Additionally, the Association has not recognized any significant tax related interest and penalties in the accompanying financial statements.

Accounting Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated consisted primarily of salaries and wages expense which was allocated based on time and effort.

Recently Adopted Accounting Pronouncement – In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use ("ROU") assets and lease liabilities for operating leases on the balance sheet (see Note 6).

The Association adopted these ASUs effective January 1, 2022 using the modified retrospective approach. As a result of adopting these ASUs, the Association recorded ROU assets and lease liabilities of $1,069,927. Adoption of the new standard did not materially impact the Association's change in net assets and had no impact on cash flows. The Association considers a lease term to be the noncancelable period that it has the right to use the underlying asset. Lease expense is recognized on a straight-line basis over the expected lease term.

Note 1—Nature of operations and summary of significant accounting policies (continued)

Recently Issued Accounting Pronouncement Not Yet Adopted – In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* and subsequently related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This guidance replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. This ASU will be effective for the year ended December 31, 2023. The Association is currently evaluating the effect the adoption of this ASU will have on the financial statements.

Subsequent Events – The Association evaluated subsequent events through April 18, 2023, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying financial statements.

Note 2—Revenue

Under ASC 606, revenue is recognized when the Association transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying statements of financial position totaled $3,553,178 and $2,521,674 as of December 31, 2022 and 2021, respectively. Deferred revenue represents income from membership dues and institutional subscriptions to the various periodicals of the Association, as well as registration, advertising, and exhibitor income related to the annual meeting in January of the subsequent year. The membership dues and institutional subscriptions are deferred when received and amortized over the terms of the membership or contract period. The deferred income related to the annual meeting is recognized when the meeting takes place.

Accounts receivable from contracts with customers were $1,845,225 and $1,643,933 as of December 31, 2022 and 2021, respectively. Accounts receivable is stated at the amount the Association expects to collect from outstanding balances. The Association accounts for potential losses in accounts receivable through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that accounts receivable is fully collectible at December 31, 2022 and 2021. As a result, no allowance for doubtful accounts has been provided. However, actual write-offs could exceed the recorded allowance for doubtful accounts.

Performance Obligations and Revenue Recognition – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Association's significant revenue streams within the scope of ASC 606 consists of revenue from license fees, institutional subscriptions, annual meeting, job listing fees, submission fees, and membership dues. The contract obligation for license fees, annual meeting income (registration, advertising, and exhibitor income), job listing fees, and submission fees are generally satisfied at the time these services are provided or when a good is transferred to the customer. For the license fees, the point in time is when the Association delivers the intellectual property to the customer in a usable format. For the annual meeting it is at the time of the meeting, and for job listings it is satisfied when the Association posts the job listing to their website. The contract performance obligation for annual memberships and institutional subscriptions is satisfied over the membership or contract period.

Note 2—Revenue (continued)

Practical Expedients and Exemptions – There are several practical expedients and exemptions allowed under ASC 606 that impact timing of revenue recognition and disclosures. The one practical expedient the Association applied in the application of ASC 606 allows the Association to elect to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2022:

	ASSA Annual Meeting	Membership Dues	Institutional Subscriptions	Total
Deferred revenue, beginning of year	$ 649,060	$ 744,180	$ 1,128,434	$ 2,521,674
Revenue recognized that was included in deferred revenue at the beginning of year	(649,060)	(616,762)	(1,128,434)	(2,394,256)
Increase in deferred revenue due to cash received during the period	931,342	1,295,743	1,198,675	3,425,760
Deferred revenue, end of year	$ 931,342	$ 1,423,161	$ 1,198,675	$ 3,553,178

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2021:

	ASSA Annual Meeting	Membership Dues	Institutional Subscriptions	Total
Deferred revenue, beginning of year	$ 622,005	$ 838,061	$ 1,039,569	$ 2,499,635
Revenue recognized that was included in deferred revenue at the beginning of year	(622,005)	(608,178)	(1,039,569)	(2,269,752)
Increase in deferred revenue due to cash received during the period	649,060	514,297	1,128,434	2,291,791
Deferred revenue, end of year	$ 649,060	$ 744,180	$ 1,128,434	$ 2,521,674

Note 3—Liquidity and availability of resources

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing activities of publishing journals and promoting economic research, as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 1,540,406	$ 1,592,105
Investments	43,677,192	52,781,393
Accounts receivable	2,423,307	1,643,933
Total financial assets	47,640,905	56,017,431
Less amounts not available to be used for general expenditures within one year:		
Purpose restrictions	195,224	173,299
Financial assets not available to be used within one year	195,224	173,299
Financial assets available to meet general expenditures within one year	$ 47,445,681	$ 55,844,132

Note 4—Investments and investment income

Fair value of assets is measured as required by the Fair Value Measurements topic of FASB ASC, which establishes a framework for measuring fair value. The 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs to the valuation methodology include the following:

- 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; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 4—Investments and investment income (continued)

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. There have been no changes in methodologies used at December 31, 2022 and 2021. The Association's mutual funds are valued at the net asset values of shares held by the Association at year-end.

The following table sets forth by level, within the fair value hierarchy, the Association's investments at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	$ 16,157,589	$ -	$ -	$ 16,157,589
Foreign large blend	12,128,727	-	-	12,128,727
Corporate bond	5,608,604	-	-	5,608,604
Large value	5,127,913	-	-	5,127,913
World bond	2,526,482	-	-	2,526,482
Real estate	2,072,446	-	-	2,072,446
Intermediate-term bond	55,431	-	-	55,431
Total investments, at fair value	$ 43,677,192	$ -	$ -	$ 43,677,192

The following table sets forth by level, within the fair value hierarchy, the Association's investments at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	$ 19,967,858	$ -	$ -	$ 19,967,858
Foreign large blend	13,717,020	-	-	13,717,020
Corporate bond	6,921,506	-	-	6,921,506
Large value	6,041,635	-	-	6,041,635
World bond	2,712,481	-	-	2,712,481
Real estate	3,356,980	-	-	3,356,980
Intermediate-term bond	63,913	-	-	63,913
Total investments, at fair value	$ 52,781,393	$ -	$ -	$ 52,781,393

Investment return consists of the following for the years ended December 31:

	2022	2021
Dividends and interest	$ 1,196,308	$ 1,275,463
Realized and unrealized (loss) gain, net	(10,296,831)	6,428,742
	$ (9,100,523)	$ 7,704,205

Note 5—Government grants

The Coronavirus Aid Relief, Economic Security Act ("CARES Act") contains the Employee Retention Credit ("ERC"), a refundable payroll tax credit available to employers that have experienced hardship in their operations due to the COVID-19 outbreak. During the year ended December 31, 2022, the Association reviewed its eligibility for ERC and determined that the Association qualified for $578,082 of ERC related to the first quarter of 2021. The Association selected ASC 958-605 as the applicable standard for accounting for ERC and, as such, recognized the ERC when the amended payroll tax returns were filed. Employee retention credit income of $578,082 has been recorded in government grants on the statement of activities for the year ended December 31, 2022, and is included in accounts receivable on the statement of financial position at December 31, 2022.

Note 6—Leases

The Association leases certain office space and equipment. The Association determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. The Association has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on relative stand-alone prices.

ROU assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by the Association. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Association uses the implicit rate when it is readily determinable. As most of the Association's leases do not provide an implicit rate, management uses the risk-free discount rate based on the information available at lease commencement to determine the present value of lease payments.

The Association's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Association does not have leases where it is involved with the construction or design of an underlying asset. The Association has no material obligation for leases signed but not yet commenced as of December 31, 2022. The Association does not have any material sublease activities.

Practical Expedients Elected:

- The Association elected the three transition practical expedients that permit an entity to (a) not reassess whether expired or existing contracts contain leases, (b) not reassess lease classification for existing or expired leases, and (c) not consider whether previously capitalized initial direct costs would be appropriate under the new standard.

- The Association has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Lease expense for such short-term leases was not material for the year ended December 31, 2022.

- The Company has elected to account for lease and non-lease components as a single component.

- The Company has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

Note 6—Leases (continued)

Classification of ROU assets and lease liabilities as of December 31, 2022 is as follows:

Leases	Balance Sheet Classification		
Assets:			
Operating right-of-use assets	Operating lease assets, net	$	717,600
Total lease assets		$	717,600
Liabilities:			
Current:			
Operating lease liabilities	Operating lease liabilities	$	359,639
Noncurrent:			
Operating lease liabilities	Operating lease liabilities		360,265
Total lease liabilities		$	719,904

Future minimum lease payments as of December 31, 2022 is as follows:

Maturity Analysis:		
2023	$	366,326
2024		290,599
2025		72,266
Total undiscounted cash flows		729,191
Less present value discount		(9,287)
Total lease liabilities	$	719,904

Required supplemental information relating to the Association's leases for the year ended December 31, 2022 is as follows:

Lease expense:		
Operating lease expense	$	363,580
Total operating lease cost	$	363,580
Cash flow information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$	361,022
ROU assets obtained in exchange for new operating lease liabilities		1,069,927
Lease term (in years) and discount rate:		
Weighted average remaining lease term in years for operating leases		2.07
Weighted average discount rate for operating leases		1.26%

Note 7—Commitments

The Association has contracts for hotel rooms and facilities for various meetings through 2029, although the majority of these contracts do not contain attrition clauses.

Note 8—License fees

License fees consists of the following for the years ended December 31:

	2022	2021
Ebsco	$ 3,986,313	$ 3,759,121
ProQuest	598,908	528,744
Ovid	148,350	136,916
Other	1,396	1,956
	$ 4,734,967	$ 4,426,737

Note 9—Retirement annuity plan

Employees of the Association are eligible for participation in a defined contribution retirement annuity plan. Contributions by the Association and participating employees are based on the employees' compensation. Benefit payments are based on the amounts accumulated from such contributions. Plan expense totaled $181,116 and $447,195 for the years ended December 31, 2022 and 2021, respectively.

Note 10—Concentrations

The Association maintains deposit accounts with financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC"). At December 31, 2022 and 2021, all deposit account balances per financial institution were insured up to $250,000. Excess uninsured balances of the Association at December 31, 2022 and 2021 were approximately $1,283,000 and $1,558,000, respectively. The Association also maintains cash in money market funds in the amount of $248,144 at December 31, 2022 and $244,466 at December 31, 2021. The money market funds were not insured at December 31, 2022 and 2021.

At December 31, 2022 and 2021, investments in various mutual funds were managed by brokerage and investment companies with an account balance totaling $43,677,192 and $52,781,393, respectively. Investments are not insured by FDIC or any other government agency and are subject to investment risk, including loss of principal. However, investments are insured by the Securities Investor Protection Corporation, which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

At December 31, 2022 and 2021, accounts receivable from two companies who have an agreement with the Association to sell *EconLit* represented approximately 66% and 85%, respectively, of total accounts receivable.

During 2022 and 2021, the Association received approximately 35% and 38%, respectively, of its operating support and revenue from one company who has an agreement with the Association to sell *EconLit*.

Note 11—Uncertainties

The Association is subject to various claims and legal actions arising in the ordinary course of business. Management does not believe any such action will have a material adverse effect on the Association's financial position.

SUPPLEMENTARY INFORMATION

THE AMERICAN ECONOMIC ASSOCIATION
SUPPLEMENTAL SCHEDULES OF PROGRAM EXPENSES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Program Expenses:		
Journals:		
American Economic Review	$ 1,939,550	$ 2,082,937
Journal of Economic Perspectives	736,473	766,855
Journal of Economic Literature	544,895	548,124
AEJ: Economic Policy	779,428	798,709
AEJ: Applied Economics	751,824	726,285
AEJ: Macroeconomics	621,803	566,720
AEJ: Microeconomics	684,920	621,047
AER: Insights	563,533	603,791
	6,622,426	6,714,468
ASSA Annual Meeting	830,167	764,628
EconLit	645,555	685,956
Workshops and Conferences:		
Summer training program	300,000	300,000
Continuing education conference	48,671	48,975
CTREE conference	109,208	5,720
CeMENT workshops	42,500	41,130
EDUCATE	71,872	30,165
	572,251	425,990
Resources and Initiatives:		
Data editor project	317,743	309,849
RCT registry	90,359	255,407
Other diversity and inclusion initiatives	5,000	13,000
Government relations	131,470	116,495
Formal complaints and investigations	48,379	52,708
CSMGEP mentoring program	46,315	-
Ombudsperson	92,236	70,071
	731,502	817,530
Committees:		
Program committees	254,505	220,933
Support of other organizations	97,278	92,790
External grant expense	28,010	724
	379,793	314,447
Website:		
Web content, maintenance and communications	500,030	568,357
JOE Network	181,114	166,648
Total Program Expenses	$ 10,462,838	$ 10,458,024