

THE AMERICAN ECONOMIC ASSOCIATION

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended December 31, 2024 and 2023

And Report of Independent Auditor

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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2024 and 2023, 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 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 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 21, 2025

THE AMERICAN ECONOMIC ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 794,141	\$ 1,532,602
Investments	52,985,597	48,423,824
Accounts receivable	2,413,172	2,388,750
Prepaid expenses and other	744,116	765,283
Furniture, fixtures, software, and equipment, net of accumulated depreciation of \$1,755,425 and \$1,731,361, respectively	18,965	28,342
Operating lease right-of-use assets, net	991,396	1,282,318
Total Assets	\$ 57,947,387	\$ 54,421,119
LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 611,647	\$ 769,410
Deferred revenue	3,367,452	3,881,374
Operating lease liabilities	996,927	1,285,123
Total Liabilities	4,976,026	5,935,907
Net Assets:		
Without donor restrictions	52,612,585	48,032,490
With donor restrictions	358,776	452,722
Total Net Assets	52,971,361	48,485,212
Total Liabilities and Net Assets	\$ 57,947,387	\$ 54,421,119

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, 2024 AND 2023

	2024	2023
Changes in Net Assets Without Donor Restrictions:		
Operating Support and Revenue:		
License fees	\$ 4,826,993	\$ 4,665,679
Institutional subscriptions	1,957,237	1,794,986
<i>Job Openings for Economists</i> listing fees	1,133,840	1,210,700
Submission fees	847,700	768,401
Membership dues	1,344,189	1,294,561
ASSA annual meeting	1,087,421	962,038
Fulltext, copyright, and other fees	316,589	273,790
Member print and foreign postage	130,682	158,617
Conference fees	81,880	78,760
Advertising	34,450	44,150
Other	17,705	16,562
Net assets released from purpose restrictions	120,146	32,602
Total Operating Support and Revenue	<u>11,898,832</u>	<u>11,300,846</u>
Operating Expenses:		
Program Services:		
Journals	6,112,325	6,930,887
ASSA annual meeting	1,566,448	1,933,776
EconLit	735,676	680,532
Workshops and conferences	971,567	876,703
Resources and initiatives	843,893	926,767
Program committees	551,125	511,179
Web content, maintenance, and communications	497,509	504,186
JOE Network	208,761	181,949
Total Program Services	<u>11,487,304</u>	<u>12,545,979</u>
Supporting Services:		
Management and general	<u>1,656,877</u>	<u>1,638,287</u>
Total Operating Expenses	<u>13,144,181</u>	<u>14,184,266</u>
Change in Net Assets from Operations	<u>(1,245,349)</u>	<u>(2,883,420)</u>
Nonoperating Activity:		
Investment return	<u>5,825,444</u>	<u>7,355,793</u>
Change in Net Assets Without Donor Restrictions	<u>4,580,095</u>	<u>4,472,373</u>
Changes in Net Assets With Donor Restrictions:		
Grant proceeds	26,200	290,100
Net assets released from purpose restrictions	<u>(120,146)</u>	<u>(32,602)</u>
Change in Net Assets With Donor Restrictions	<u>(93,946)</u>	<u>257,498</u>
Change in net assets	4,486,149	4,729,871
Net assets, beginning of year	<u>48,485,212</u>	<u>43,755,341</u>
Net assets, end of year	<u><u>\$ 52,971,361</u></u>	<u><u>\$ 48,485,212</u></u>

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, 2024

	Program Services								Support Services			
	ASSA		Workshops and Conferences	Resources and Initiatives	Program Committees	Website	JOE Network	Total Program Services	Management and General	Total Support Services	Total Expenses	
	Journals	Meeting										EconLit
Salaries and benefits	\$ 4,531,880	\$ 553,572	\$ 574,684	\$ 76,540	\$ 6,168	\$ 75,045	\$ 481,675	\$ 208,761	\$ 6,508,325	\$ 1,062,452	\$ 1,062,452	\$ 7,570,777
Distribution and replication	1,096,489	-	21	-	-	18,590	-	-	1,115,100	-	-	1,115,100
Third party coordinator	-	-	-	423,500	589,071	79,674	4,000	-	1,096,245	-	-	1,096,245
Audio/video	-	575,182	-	129,082	-	11,103	(35,496)	-	679,871	-	-	679,871
Rent and utilities	166,078	74,625	55,764	-	-	-	26,039	-	322,506	112,470	112,470	434,976
Food and beverage	-	152,980	-	175,524	-	94,366	-	-	422,870	-	-	422,870
Accounting and legal	-	-	-	-	179,121	-	-	-	179,121	157,614	157,614	336,735
Data management	168,462	-	68,824	-	-	-	12,304	-	249,590	46,271	46,271	295,861
Other meeting expenses	-	126,213	-	113,237	-	908	-	-	240,358	-	-	240,358
Travel and promotion	15,574	31,373	11,326	53,684	28,448	19,188	-	-	159,593	34,782	34,782	194,375
Office expenses	103,718	12,091	17,562	-	-	-	-	-	133,371	18,151	18,151	151,522
Miscellaneous	-	-	7,495	-	35,210	31,516	8,987	-	83,208	62,620	62,620	145,828
Bank charges	-	36,825	-	-	-	-	-	-	36,825	85,012	85,012	121,837
External grant expense	-	-	-	-	-	120,146	-	-	120,146	-	-	120,146
Society dues	-	-	-	-	5,875	100,589	-	-	106,464	1,217	1,217	107,681
Insurance	-	3,587	-	-	-	-	-	-	3,587	68,871	68,871	72,458
Depreciation and amortization	24,064	-	-	-	-	-	-	-	24,064	-	-	24,064
Administrative committees	-	-	-	-	-	-	-	-	-	7,417	7,417	7,417
Prepress supplies	6,060	-	-	-	-	-	-	-	6,060	-	-	6,060
	\$ 6,112,325	\$ 1,566,448	\$ 735,676	\$ 971,567	\$ 843,893	\$ 551,125	\$ 497,509	\$ 208,761	\$ 11,487,304	\$ 1,656,877	\$ 1,656,877	\$ 13,144,181

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, 2023

	Program Services									Support Services		
	ASSA			Workshops	Resources				Total		Total	
	Journals	Annual Meeting	EconLit	and Conferences	and Initiatives	Program Committees	Website	JOE Network	Program Services	Management and General	Support Services	Total Expenses
Salaries and benefits	\$ 5,166,988	\$ 547,016	\$ 503,072	\$ -	\$ 20,526	\$ 94,660	\$ 435,534	\$ 181,949	\$ 6,949,745	\$ 964,525	\$ 964,525	\$ 7,914,270
Distribution and replication	1,276,651	-	329	-	-	19,442	-	-	1,296,422	-	-	1,296,422
Third party coordinator	-	-	-	405,000	527,200	102,609	4,000	-	1,038,809	-	-	1,038,809
Audio/video	-	916,117	-	89,986	-	5,902	18,000	-	1,030,005	-	-	1,030,005
Accounting and legal	-	-	-	-	283,413	-	-	-	283,413	198,766	198,766	482,179
Food and beverage	-	124,897	-	209,126	-	101,262	-	-	435,285	-	-	435,285
Rent and utilities	160,551	76,949	53,826	-	-	-	25,135	-	316,461	117,585	117,585	434,046
Other meeting expenses	-	181,537	-	122,471	20,466	-	-	-	324,474	-	-	324,474
Data management	157,996	-	77,147	-	-	-	12,936	-	248,079	47,779	47,779	295,858
Travel and promotion	25,855	19,763	18,899	50,120	32,421	16,417	399	-	163,874	34,126	34,126	198,000
Miscellaneous	-	-	9,790	-	34,866	36,996	8,032	-	89,684	79,372	79,372	169,056
Office expenses	98,636	24,808	17,469	-	-	-	-	-	140,913	17,787	17,787	158,700
Bank charges	-	33,901	-	-	-	-	150	-	34,051	105,972	105,972	140,023
Society dues	-	-	-	-	7,875	101,289	-	-	109,164	1,720	1,720	110,884
Insurance	-	8,788	-	-	-	-	-	-	8,788	63,696	63,696	72,484
Depreciation and amortization	34,366	-	-	-	-	-	-	-	34,366	-	-	34,366
External grant expense	-	-	-	-	-	32,602	-	-	32,602	-	-	32,602
Prepress supplies	9,844	-	-	-	-	-	-	-	9,844	-	-	9,844
Administrative committees	-	-	-	-	-	-	-	-	-	6,959	6,959	6,959
	\$ 6,930,887	\$ 1,933,776	\$ 680,532	\$ 876,703	\$ 926,767	\$ 511,179	\$ 504,186	\$ 181,949	\$ 12,545,979	\$ 1,638,287	\$ 1,638,287	\$ 14,184,266

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, 2024 AND 2023

	2024	2023
Cash flow from operating activities:		
Change in net assets	\$ 4,486,149	\$ 4,729,871
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	24,064	34,366
Realized and unrealized investment gain	(4,414,260)	(6,052,939)
Noncash lease expense	2,726	501
Changes in operating assets and liabilities:		
Accounts receivable	(24,422)	34,557
Prepaid expenses and other	21,167	(445,290)
Accounts payable and accrued liabilities	(157,763)	56,627
Deferred revenue	(513,922)	328,196
Net cash flows from operating activities	<u>(576,261)</u>	<u>(1,314,111)</u>
Cash flows from investing activities:		
Purchases of investments	(2,627,798)	(2,429,900)
Proceeds from sale of investments	2,480,285	3,736,207
Purchases of furniture, fixtures, software, and equipment	(14,687)	-
Net cash flows from investing activities	<u>(162,200)</u>	<u>1,306,307</u>
Change in cash and cash equivalents	(738,461)	(7,804)
Cash and cash equivalents, beginning of year	1,532,602	1,540,406
Cash and cash equivalents, end of year	<u>\$ 794,141</u>	<u>\$ 1,532,602</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for income taxes	<u>\$ 6,524</u>	<u>\$ 4,477</u>

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

THE AMERICAN ECONOMIC ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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 Executive Committee.

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, 2024 or 2023.

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, 2024 and 2023 amounted to \$24,064 and \$34,366, 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.

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 \$217,000 and \$269,000 for the years ended December 31, 2024 and 2023, respectively.

THE AMERICAN ECONOMIC ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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

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 \$3,257 and \$6,550 in 2024 and 2023, 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, 2024 or 2023. 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.

Leases – The Association leases certain office space as well as office equipment. The Association follows Accounting Standards Update 2016-02, *Leases*. Accordingly, at the inception of a contract, a determination is made whether the arrangement is or contains a lease. Leases are classified as either operating or finance, based on the evaluation of certain criteria. With the exception of short-term leases (leases with an initial term of 12 months or less), the Association records right-of-use (“ROU”) assets and corresponding lease liabilities on balance sheet for all leases with contractual fixed payments. See Note 6.

The ROU assets are amortized over their estimated useful lives and are measured for impairment only when events or circumstances indicate the carrying value may be impaired. In these cases, the Association estimates the future, undiscounted cash flows to be derived from the asset or asset group to determine whether a potential impairment exists. If the sum of the undiscounted cash flows is less than the carrying value of the asset, the Association recognizes an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset.

THE AMERICAN ECONOMIC ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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

Subsequent Events – The Association evaluated subsequent events through April 21, 2025, 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 \$3,367,452 and \$3,881,374 as of December 31, 2024 and 2023, respectively. The balance of contract liabilities as of January 1, 2023 totaled \$3,553,178. 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 \$1,800,391 and \$1,810,668 as of December 31, 2024 and 2023, respectively, and \$1,845,225 as of January 1, 2023. Accounts receivable is stated at the amount the Association expects to collect from outstanding balances. The amounts due are stated at their estimated net realizable value. The Association reduces the carrying amount of accounts receivable by an allowance for credit losses that reflects the Association's best estimate of the amounts that will not be collected. The allowance for doubtful accounts is based on the Association's assessment of the collectability of customer accounts receivable. In accordance with ASC Topic 326, *Financial Instruments – Credit Losses*, the Association makes estimates relating to the collectability of accounts receivable and records an allowance for estimated losses expected from the inability of its customers to make required payments. The Association establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a customer's ability to pay, and creditworthiness of significant customers. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Accounts receivable are written off when there is no reasonable expectation of recovery. The allowance for doubtful accounts was considered immaterial for the years ended December 31, 2024 and 2023.

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.

THE AMERICAN ECONOMIC ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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, 2024:

	ASSA Annual Meeting	Membership Dues and Member Print	Institutional Subscriptions	Total
Deferred revenue, beginning of year	\$ 1,083,881	\$ 1,493,950	\$ 1,303,543	\$ 3,881,374
Revenue recognized that was included in deferred revenue at the beginning of year	(1,083,881)	(1,060,015)	(1,303,543)	(3,447,439)
Increase in deferred revenue due to cash received during the period	1,255,789	520,168	1,157,560	2,933,517
Deferred revenue, end of year	<u>\$ 1,255,789</u>	<u>\$ 954,103</u>	<u>\$ 1,157,560</u>	<u>\$ 3,367,452</u>

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2023:

	ASSA Annual Meeting	Membership Dues and Member Print	Institutional Subscriptions	Total
Deferred revenue, beginning of year	\$ 931,342	\$ 1,423,161	\$ 1,198,675	\$ 3,553,178
Revenue recognized that was included in deferred revenue at the beginning of year	(931,342)	(955,691)	(1,198,675)	(3,085,708)
Increase in deferred revenue due to cash received during the period	1,083,881	1,026,480	1,303,543	3,413,904
Deferred revenue, end of year	<u>\$ 1,083,881</u>	<u>\$ 1,493,950</u>	<u>\$ 1,303,543</u>	<u>\$ 3,881,374</u>

THE AMERICAN ECONOMIC ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 794,141	\$ 1,532,602
Investments	52,985,597	48,423,824
Accounts receivable	2,413,172	2,388,750
Total financial assets	56,192,910	52,345,176
Less amounts not available to be used for general expenditures within one year:		
Purpose restrictions	358,776	452,722
Financial assets not available to be used within one year	358,776	452,722
Financial assets available to meet general expenditures within one year	\$ 55,834,134	\$ 51,892,454

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.

THE AMERICAN ECONOMIC ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 4—Investments and investment income (continued)

The assets or liabilities 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, 2024 or 2023. The Association's mutual funds are valued at the net asset values ("NAV") of shares held by the Association at year-end. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. NAV is classified within Level 1 of the valuation hierarchy based on the underlying assets of the account, which are traded on an active market.

The following table sets forth by level, within the fair value hierarchy, the Association's investments at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	\$ 20,898,902	\$ -	\$ -	\$ 20,898,902
Foreign large blend	13,735,110	-	-	13,735,110
Corporate bond	6,626,008	-	-	6,626,008
Large value	5,852,944	-	-	5,852,944
Real estate	2,952,257	-	-	2,952,257
World bond	2,860,692	-	-	2,860,692
Intermediate-term bond	59,684	-	-	59,684
Total investments, at fair value	<u>\$ 52,985,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,985,597</u>

The following table sets forth by level, within the fair value hierarchy, the Association's investments at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	\$ 18,542,363	\$ -	\$ -	\$ 18,542,363
Foreign large blend	12,950,829	-	-	12,950,829
Corporate bond	6,110,824	-	-	6,110,824
Large value	5,391,456	-	-	5,391,456
Real estate	2,722,893	-	-	2,722,893
World bond	2,646,665	-	-	2,646,665
Intermediate-term bond	58,794	-	-	58,794
Total investments, at fair value	<u>\$ 48,423,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,423,824</u>

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

	2024	2023
Dividends and interest	\$ 1,411,184	\$ 1,302,854
Realized and unrealized gain, net	4,414,260	6,052,939
	<u>\$ 5,825,444</u>	<u>\$ 7,355,793</u>

THE AMERICAN ECONOMIC ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 5—Government grants

The Coronavirus Aid Relief, Economic Security 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 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, 2024 and 2023.

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.

The 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 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, 2024. The Association does not have any material sublease activities.

Practical Expedients Elected:

- The Association has elected the practical expedient not to recognize leases with terms of 12 months or less on the statement of financial position 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 years ended December 31, 2024 and 2023.
- The Association has elected to account for lease and non-lease components as a single component.
- The Association has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

THE AMERICAN ECONOMIC ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 6—Leases (continued)

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

<u>Leases</u>	<u>Balance Sheet Classification</u>	<u>2024</u>	<u>2023</u>
<u>Assets:</u>			
Operating right-of-use assets	Operating lease right-of-use assets, net	\$ 991,396	\$ 1,282,318
Total lease assets		<u>\$ 991,396</u>	<u>\$ 1,282,318</u>
<u>Liabilities:</u>			
Current:			
Operating lease liabilities	Operating lease liabilities	\$ 328,253	\$ 305,003
Noncurrent:			
Operating lease liabilities	Operating lease liabilities	668,674	980,120
Total lease liabilities		<u>\$ 996,927</u>	<u>\$ 1,285,123</u>

Future minimum lease payments is as follows as of December 31, 2024:

Maturity Analysis:

2025	\$ 372,607
2026	218,895
2027	218,895
2028	218,895
2029	72,604
Total undiscounted cash flows	1,101,896
Less present value discount	(104,969)
Total lease liabilities	<u>\$ 996,927</u>

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

	<u>2024</u>	<u>2023</u>
Lease expense:		
Operating lease expense	\$ 371,561	\$ 366,979
Total operating lease cost	<u>\$ 371,561</u>	<u>\$ 366,979</u>

Cash flow information:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from operating leases	\$ 368,834	\$ 366,326
ROU assets obtained in exchange for new operating lease liabilities	\$ 19,466	\$ 905,461

Lease term and discount rate:

Weighted average remaining lease term in years for operating leases	3.83 years	4.57 years
Weighted average discount rate for operating leases	5.42%	5.42%

THE AMERICAN ECONOMIC ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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:

	2024	2023
Ebsco	\$ 4,045,185	\$ 3,943,466
ProQuest	615,284	569,661
Ovid	165,743	150,876
Other	781	1,676
	<u>\$ 4,826,993</u>	<u>\$ 4,665,679</u>

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 \$179,858 and \$187,147 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, all deposit account balances per financial institution were insured up to \$250,000. Excess uninsured balances of the Association at December 31, 2024 and 2023 were approximately \$492,000 and \$1,208,000, respectively. The Association also maintains cash in money market funds in the amount of \$274,355 and \$260,684 at December 31, 2024 and 2023, respectively. The money market funds were not insured at December 31, 2024 or 2023.

At December 31, 2024 and 2023, investments in various mutual funds were managed by brokerage and investment companies with an account balance totaling \$52,985,597 and \$48,423,824, 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, 2024 and 2023, accounts receivable from three companies, who have an agreement with the Association to sell *EconLit* represented approximately 68% of total accounts receivable.

During 2024 and 2023, the Association received approximately 40% and 39%, respectively, of its operating support and revenue from two companies who have 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, 2024 AND 2023

	2024	2023
Program Expenses:		
Journals:		
American Economic Review	\$ 1,836,711	\$ 2,076,516
Journal of Economic Perspectives	763,164	773,178
Journal of Economic Literature	523,288	571,438
AEJ: Economic Policy	678,221	820,394
AEJ: Applied Economics	667,418	760,194
AEJ: Macroeconomics	551,162	633,183
AEJ: Microeconomics	550,870	706,039
AER: Insights	541,491	589,945
	<u>6,112,325</u>	<u>6,930,887</u>
ASSA Annual Meeting	<u>1,566,448</u>	<u>1,933,776</u>
EconLit	<u>735,676</u>	<u>680,532</u>
Workshops and Conferences:		
Summer training program	300,000	300,000
Continuing education conference	182,683	148,043
CTREE conference	153,409	87,434
CeMENT workshops	141,524	137,932
CSQIEP mentoring conference	73,005	34,209
Summer mentoring pipeline conference	36,380	109,076
EDUCATE	84,566	60,009
	<u>971,567</u>	<u>876,703</u>
Resources and Initiatives:		
Data editor project	397,481	341,053
RCT registry	65,733	92,558
Other diversity and inclusion initiatives	8,222	11,609
Government relations	132,445	125,868
Formal complaints and investigations	38,716	109,268
CSMGEP mentoring program	60,162	72,266
Ombudsperson	141,134	174,145
	<u>843,893</u>	<u>926,767</u>
Committees:		
Program committees	330,390	377,288
Support of other organizations	100,589	101,289
External grant expense	120,146	32,602
	<u>551,125</u>	<u>511,179</u>
Website:		
Web content, maintenance and communications	<u>497,509</u>	<u>504,186</u>
JOE Network	<u>208,761</u>	<u>181,949</u>
Total Program Expenses	<u><u>\$ 11,487,304</u></u>	<u><u>\$ 12,545,979</u></u>