From: Nan J. Morrison, President and CEO

Re: 2014 Financial Statements

Representing the fourth year of a balanced budget, the Council for Economic Education ended Fiscal 2014 with a surplus of $81K after depreciation of $43K, and prior to making an adjustment for rent expense recorded in prior years.

CEE's overall financial position remains strong. Total Assets were $5.4 million at the end of the fiscal year and Liabilities were only $0.7 million.

Program spending for the year was $4.3 million or 71% of all expenses incurred. We are pleased that our Management and General expenses were 15% of the total. Total Net Assets decreased by $1.3 million as a portion of a large restricted grant that was received in FY12 was used to support programs in FY14 as planned.

The 2014 audit had a clean opinion.
Council for Economic Education

Financial Statements and
Independent Auditor's Report

December 31, 2014
# Council for Economic Education

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Independent Auditor's Report

To the Board of Directors
Council for Economic Education

We have audited the accompanying financial statements of Council for Economic Education ("CEE"), which comprise the statement of financial position as of December 31, 2014, and the related statement of activities and changes in net assets 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CEE as of December 31, 2014, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, an error of an amount previously reported related to deferred rent was discovered during the current year. Accordingly, an adjustment has been made to net assets as of January 1, 2014 to correct the error. Our opinion is not modified with respect to this matter.

CohnReznick LLP

New York, New York
September 25, 2015
Council for Economic Education

Statement of Financial Position
December 31, 2014

Assets

Cash and cash equivalents $ 3,389,516
Accounts receivable, net of allowance for doubtful accounts of $3,305 278,456
Contributions receivable, due in less than one year 111,810
Prepaid expenses and other assets 168,625
Publications inventory, net of reserve for obsolescence of $30,000 180,086
Investments 768,009
Restricted investments 385,051
Deferred rent 16,118
Furniture and equipment, net 98,670

Total assets $ 5,396,341

Liabilities and Net Assets

Liabilities:
Accounts payable and accrued expenses $ 308,138
Deferred rent 359,159
Capital lease obligations 18,349
Total liabilities 685,646

Commitments

Net assets:
Unrestricted 2,123,432
Temporarily restricted 2,587,263
Total net assets 4,710,695

Total liabilities and net assets $ 5,396,341

See Notes to Financial Statements.
Council for Economic Education

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support and revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 1,119,616</td>
<td>$ 1,839,986</td>
<td>$ 2,959,602</td>
</tr>
<tr>
<td>Educational materials and services</td>
<td>1,115,818</td>
<td>1,115,818</td>
<td></td>
</tr>
<tr>
<td>Special event revenue, net of direct costs of $189,476</td>
<td>426,229</td>
<td>426,229</td>
<td></td>
</tr>
<tr>
<td>Affiliate dues and conference fees</td>
<td>28,250</td>
<td>28,250</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>361,808</td>
<td>361,808</td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>10,637</td>
<td>10,637</td>
<td></td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>3,103,669</td>
<td>(3,103,669)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>6,166,027</td>
<td>(1,263,683)</td>
<td>4,902,344</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core programs</td>
<td>3,653,099</td>
<td>3,653,099</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>652,438</td>
<td>652,438</td>
<td></td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>4,305,537</td>
<td></td>
<td>4,305,537</td>
</tr>
<tr>
<td>Support services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>914,345</td>
<td>914,345</td>
<td></td>
</tr>
<tr>
<td>Fundraising</td>
<td>864,869</td>
<td>864,869</td>
<td></td>
</tr>
<tr>
<td><strong>Total support services</strong></td>
<td>1,779,214</td>
<td></td>
<td>1,779,214</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>6,084,751</td>
<td></td>
<td>6,084,751</td>
</tr>
<tr>
<td><strong>Changes in net assets</strong></td>
<td>81,276</td>
<td>(1,263,683)</td>
<td>(1,182,407)</td>
</tr>
<tr>
<td>Net assets, beginning of year (as originally reported)</td>
<td>2,190,055</td>
<td>3,850,946</td>
<td>6,041,001</td>
</tr>
<tr>
<td>Prior period adjustments</td>
<td>(147,899)</td>
<td>-</td>
<td>(147,899)</td>
</tr>
<tr>
<td>Net assets, beginning of year (as restated)</td>
<td>2,042,156</td>
<td>3,850,946</td>
<td>5,893,102</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$ 2,123,432</td>
<td>$ 2,587,263</td>
<td>$ 4,710,695</td>
</tr>
</tbody>
</table>

See Notes to Financial Statements.
Council for Economic Education

Statement of Cash Flows
Year Ended December 31, 2014

Cash flows from operating activities:

Changes in net assets $ (1,182,407)

Adjustments to reconcile changes in net assets to net cash used in operating activities:

Depreciation and amortization 42,524
Provision for bad debts 882

Changes in operating assets and liabilities:

Accounts receivable (157,345)
Contributions receivable 15,490
Prepaid expenses and other assets (49,558)
Publications inventory 95,043
Accounts payable and accrued expenses (77,882)
Deferred rent (30,914)

Net cash used in operating activities (1,344,167)

Cash flows from investing activities:

Purchase of investments (264,967)
Capital acquisitions (16,384)

Net cash used in investing activities (281,351)

Cash flows from financing activities:

Payments made on capital lease obligations (8,477)
Changes in restricted investments (51)

Net cash used in financing activities (8,528)

Net decrease in cash and cash equivalents (1,634,046)

Cash and cash equivalents, beginning of year 5,023,562

Cash and cash equivalents, end of year $ 3,389,516

Supplemental disclosure of cash flow data:

Interest paid under capital leases $ 917

Non-cash transactions related to capital leases $ 20,712

See Notes to Financial Statements.
Note 1 - Organization
The Council for Economic Education ("CEE") was incorporated in 1949 in the District of Columbia as a not-for-profit organization.

CEE is the leading organization in the United States that focuses on the economic and financial education of students from kindergarten through high school - and CEE has been doing so for over 65 years. CEE delivers the fourth "R" - a real-world understanding of how to build fruitful lives - to America's young people. CEE's goal is to reach and teach every child to create a more informed citizenry capable of making better decisions as savers, investors, borrowers, voters, and participants in the global economy. CEE does this by educating the educators, providing the curriculum tools, the pedagogical support, and the community of peers that instruct, inspire, and guide. All resources and programs are developed by educators, and delivered by CEE's national network of affiliates - over 240 across the country. Each year, CEE trains approximately 55,000 teachers in person, and those teachers, in turn, reach approximately 5 million students throughout the country. EconEdLink a free, online educator gateway for economic and personal finance lessons and resources - attracts more than 1.2 million unique visitors each year.

CEE delivers its programs through in-person local workshops, partner organizations and online.

Following is a brief description of CEE's major program services:

Core:
- CEE's core activities support improving kindergarten through grade 12 economic and financial education through delivery of teacher professional development training (to more than 55,000 teachers each year) and the development of engaging, interactive resources that align to state and national standards.

- CEE's core programs include the following kinds of activities:
  - Professional development (teacher training)
  - Online economic and financial education programs
  - General economic and financial literacy support
  - National standards for financial literacy
  - Curriculum and content
  - Teacher award programs
  - Assessment

- Other Program Services:
  CEE's Other Program Services for the year ended December 31, 2014 consisted of the following:

  Technology $101,109
  Marketing and communications 551,329

$652,438
CEE has been classified as a 501(c)(3) organization and is exempt from Federal income taxes under Section 501(a) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Additionally, CEE has been classified as an organization which is not a private foundation under Section 509(a)(2).

CEE’s primary source of revenue is from grants, philanthropic contributions and educational materials and services.

Note 2 - Summary of significant accounting policies

Basis of presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accompanying financial statements reflect only the accounts of CEE (considered the national office) and do not include the financial position, changes in net assets and cash flows of affiliated state councils, which are not controlled by CEE, as such entities do not meet the consolidation criteria established by accounting principles generally accepted in the United States of America.

Classification of net assets
CEE classifies its net assets into three categories which are unrestricted, temporarily restricted, and permanently restricted.

Unrestricted - include expendable resources that are not subject to donor-imposed stipulations and, therefore, may be expended for any purpose in performing the primary objectives of CEE.

Temporarily restricted - include resources subject to donor-imposed stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as net assets released from restrictions.

Permanently restricted - include resources subject to donor-imposed stipulations, requiring that the principal be maintained in perpetuity, but permit CEE to expend part or all of the income and gains derived therefrom. There were no permanently restricted net assets at December 31, 2014.

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. The most significant estimates relate to the useful lives assigned to furniture and equipment, reserves
for inventory obsolescence and allowances for potentially uncollectible receivables. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents**
CEE considers all highly liquid financial instruments with original maturities of three months or less when purchased to be cash equivalents. CEE places its temporary cash investments with high-credit quality financial institutions.

**Publications inventory**
Publications inventory is stated at the lower of weighted-average cost or market value, less an estimated reserve for obsolete and slow-moving items. It represents the value of sellable books, excluding both promotional items, as well as educational materials paid for by restricted funds, which were both expensed at the time of production.

**Investments**
CEE records its investments at fair value with changes in the fair value of investments recorded in the statement of activities and changes in net assets. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities and changes in net assets as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Realized gains or losses are recognized on the specific identification method.

**Furniture and equipment**
Furniture and equipment are carried at original cost (or fair value, if donated), provided the respective asset cost is $5,000 or more and its useful life exceeds three years. Such assets are depreciated over their estimated useful lives, which range from three to five years, using the straight-line method. Leasehold improvements and capital lease equipment are amortized over the lesser of their estimated useful lives of the asset or term of the respective lease.

**Deferred rent**
CEE occupies office space under a lease containing escalation clauses and a lease incentive that requires normalization of the rental expense over the life of the lease. This results in deferred rent, which is reflected in the accompanying statement of financial position.

**Revenue recognition**
Government grant revenue is recognized when earned. Expense driven grants are recognized as revenue when qualifying expenses have been incurred and all other grant requirements have been met. Government grant funds received prior to incurrence of the qualifying expenses are recorded as "deferred income." Government grants receivable consists of eligible costs under the government grants and contracts that were incurred prior to year end for which payment has not been received.

Contribution revenue is recorded at fair value when received or pledged. Amounts are recorded as temporarily or permanently restricted if they have donor stipulations that limit the
use of the donated asset. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Unconditional contributions that are expected to be collected within one year are recorded at their net realizable value. Unconditional contributions that are expected to be collected beyond one year are recorded at the present value of their net realizable value using risk free interest rates applicable to the years in which the contributions are to be received.

Revenue and expenses incurred relative to special events are recognized upon occurrence of the respective event. CEE reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Unconditional promises to give are recognized when such promise is received.

Contributed goods and services
CEE benefits from volunteer services. The value of volunteer services is not recognized in the accompanying financial statements as they do not meet the criteria for recognition. In addition, CEE, on occasion, receives contributed goods and services from third parties but has historically not recorded such contributions due to their immaterial nature. Contributed goods and services received by CEE totaled $0 and donated marketable securities totaled $49,820 for the year ended December 31, 2014.

Functional allocation of expenses
The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated between program services and support services based on an analysis of personnel time and space utilized for the related activities.

Income taxes
CEE has no unrecognized tax benefits as of December 31, 2014. CEE's Federal and state income tax returns prior to fiscal year 2011 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, CEE will recognize interest and penalties associated with tax matters as management and general expenses and include accrued interest and penalties with the related tax liability in the statement of financial position. There were no interest or penalties for the year ended December 31, 2014.

Subsequent events
CEE has evaluated subsequent events through September 25, 2015, which is the date the financial statements were available to be issued. There were no significant events requiring adjustment or disclosure to the accompanying financial statements.
Note 3 - Concentrations of credit risk
Financial instruments that potentially subject CEE to concentrations of credit risk consist principally of cash and cash equivalents, accounts and contributions receivable. At times during the year, CEE's cash balances may exceed the limits of Federal Deposit Insurance Corporation insurance coverage. At December 31, 2014, CEE's uninsured cash and cash equivalent balances totaled approximately $3,602,000. CEE monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

Accounts and contributions receivable credit risk is limited due to the nature of the receivables. CEE regularly monitors its receivables and establishes an allowance account for those amounts that are not deemed collectible.

Note 4 - Investments
At December 31, 2014, the fair value of investments and restricted investments consisted of the following:

Certificates of deposits $1,143,311
Domestic equities 9,749

Total $1,153,060

Note 5 - Fair value measurements
CEE values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, CEE utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.
Financial assets carried at fair value at December 31, 2014 are classified in the tables below in one of the three categories described above:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Certificates of deposit</strong></td>
<td></td>
<td>$1,143,311</td>
<td></td>
<td>$1,143,311</td>
</tr>
<tr>
<td><strong>Common stock</strong></td>
<td>$9,749</td>
<td></td>
<td></td>
<td>9,749</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$9,749</td>
<td>$1,143,311</td>
<td></td>
<td>$1,153,060</td>
</tr>
</tbody>
</table>

Investments in common stock are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Investments in certificates of deposit are designated as Level 2 instruments and valuations are obtained from readily-available pricing sources of comparable instruments.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CEE believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 6 - Furniture and equipment, net**

Furniture and equipment, net, at December 31, 2014 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Estimated Useful Lives</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office furniture and equipment</td>
<td>3-5 years</td>
<td>$398,528</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>10 years</td>
<td>23,521</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>422,049</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation and amortization</strong></td>
<td>(323,379)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$ 98,670</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense for the year ended December 31, 2014 totaled $41,167.
Council for Economic Education

Notes to Financial Statements
December 31, 2014

Note 7 - Temporarily restricted net assets
At December 31, 2014, temporarily restricted net assets are available for the following purposes in future periods:

Affiliate relations $ 80,000
Assessment development 169,443
Core programs 1,170,471
Marketing 18,450
Online economic and financial education 708,256
Professional development 429,279
All other temporarily restricted programs 11,364

Total $ 2,587,263

Net assets released from donor restrictions for the year ended December 31, 2014 were released by incurring expenses satisfying the program restrictions and the expiration of time restrictions specified by the donors.

Note 8 - Capital lease obligations
Included in furniture and equipment on the accompanying statement of financial position is various equipment acquired under capital lease arrangements. The equipment is being amortized on a straight-line basis over the lesser of its estimated useful life or the respective term of the lease. The corresponding obligations under the capital leases represent the present value of the rental payments discounted by the interest rates implicit in the lease agreements.

Capital lease arrangements at December 31, 2014 consisted of the following:

Cost $209,561
Less accumulated amortization 191,956
Total $ 17,605

Annual payments subsequent to December 31, 2014 are as follows:

2015 $ 4,920
2016 4,920
2017 4,920
2018 4,920
2019 1,639

Less: Interest payments (2,970)
Total $ 18,349

Interest expense for the year ended December 31, 2014 was $917.
Note 9 - Employee benefit plan
CEE maintains a 401(k) profit sharing plan which covers substantially all employees. The plan provides for a matching contribution by CEE equal to 100% of an employee’s deferral contribution, up to 3% of their compensation for the plan year, plus a 50% match of an employee’s contribution that totals between 3% to 5% of an employee's compensation.

Contributions to the plan for the year ended December 31, 2014 amounted to $61,507.

Note 10 - Commitments and contingencies
Operating leases
Certain of CEE’s operating leases contain annual base rental increases. In accordance with accounting principles generally accepted in the United States of America, rent expense is recognized on a straight-line basis, including future base rental increases, over the life of the lease rather than in accordance with the actual lease payments. These leases expire through 2019. Deferred rent expense represents the adjustment to future rents as a result of using the straight-line method. Additionally, during 2008 CEE entered into a letter of credit facility in lieu of a security deposit for its new space. In connection with this letter of credit, which was not drawn at December 31, 2014, CEE pledged a certificate of deposit that required a minimum amount to be held as a security totaling $350,000. As of December 31, 2014, the balance held in the pledged certificate of deposit was $385,051, and is reflected as restricted investments in the accompanying statement of financial position.

Future minimum operating lease payments are as follows:

<table>
<thead>
<tr>
<th>Year ending December 31,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 718,888</td>
</tr>
<tr>
<td>2016</td>
<td>730,615</td>
</tr>
<tr>
<td>2017</td>
<td>740,128</td>
</tr>
<tr>
<td>2018</td>
<td>754,930</td>
</tr>
<tr>
<td>2019</td>
<td>320,187</td>
</tr>
<tr>
<td>Total</td>
<td>$3,264,748</td>
</tr>
</tbody>
</table>

Rent expense for the year ended December 31, 2014 totaled $669,728.

CEE entered into a sublease agreement in July 2012, to sublet the vacant space in its New York office. The sublease expires December 31, 2015. Rental income totaled $143,014 for the year ended December 31, 2014 which is included in other income on the statement of activities and changes in net assets. The future minimum rental income to be received by CEE under this agreement for the year ending December 31, 2015 is $159,132.
Note 11 - Prior period adjustment
During the year ended December 31, 2014, CEE adjusted unrestricted net assets as of January 1, 2014 for an error related to the recognition of escalation clauses within its lease agreements and its impact on deferred rent. The cumulative effect of the correction decreases beginning unrestricted net assets for 2014 by $147,899, and reduces change in unrestricted net assets for 2013 by $7,283. Accordingly, the beginning net assets have been restated as of January 1, 2014.