THE FOUNDATION FOR ECONOMIC EDUCATION, INC.

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Year Ended March 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.

Report on the Financial Statements

We have audited the accompanying financial statements of the Foundation for Economic Education, Inc. (the "Foundation"), which comprise the statement of financial position as of March 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 the Foundation for Economic Education, Inc. as of March 31, 2015, 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.

Mayer Hoffman McCann P.C.

Atlanta, Georgia
October 20, 2015

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.

STATEMENT OF FINANCIAL POSITION

March 31, 2015

A S S E T S

CURRENT ASSETS		
Cash and cash equivalents	$	920,697
Unconditional promises to give, net - current		223,846
Inventory		86,428
Prepaid expenses and other current assets		67,386
TOTAL CURRENT ASSETS		1,298,357
PROPERTY AND EQUIPMENT, net		168,424
NONCURRENT ASSETS		
Unconditional promises to give, net - noncurrent		112,995
Investments		3,435,157
Investments - endowments		1,485,448
Investment in privately held company		1,780,000
Investments - held in trust		120,681
Beneficial interests in investments - held in trust by others		26,174
TOTAL NONCURRENT ASSETS		6,960,455
TOTAL ASSETS	$	8,427,236

L I A B I L I T I E S

CURRENT LIABILITIES		
Accounts payable and other accrued expenses	$	262,544
Income taxes payable		100,250
Current portion of charitable gift annuity		20,477
TOTAL CURRENT LIABILITIES		383,271
LONG-TERM LIABILITIES		
Charitable gift annuity, net of current portion		3,274
Funds held in trust		120,681
TOTAL LONG-TERM LIABILITIES		123,955
TOTAL LIABILITIES		507,226

N E T A S S E T S

Unrestricted		5,784,853
Unrestricted - reserve on charitable gift annuity		100,000
TOTAL UNRESTRICTED		5,884,853
Temporarily restricted		496,674
Permanently restricted		1,538,483
TOTAL NET ASSETS		7,920,010
TOTAL LIABILITIES AND NET ASSETS	$	8,427,236

See Notes to Financial Statements

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.

STATEMENT OF ACTIVITIES

Year Ended March 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	$ 2,109,415	$ 20,000	$ -	$ 2,129,415
Publication income, net of cost of $5,811	16,535	-	-	16,535
Royalties	27,857	-	-	27,857
Net investment income (loss), net of custodial fees of $12,009	282,189	11,586	(117)	293,658
Gain on sale of property and equipment net of fees of $50,338	2,710,336	-	-	2,710,336
Building deposit revenue	100,188	-	-	100,188
Miscellaneous	17,369	-	-	17,369
	5,263,889	31,586	(117)	5,295,358
Net assets released from restrictions	264,368	(264,368)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	5,528,257	(232,782)	(117)	5,295,358
EXPENSES				
Program Services				
Seminars and lectures	1,576,789	-	-	1,576,789
Books and publications	516,060	-	-	516,060
Website outreach	801,368	-	-	801,368
Total Program Services	2,894,217	-	-	2,894,217
Support Services				
Management and general	332,757	-	-	332,757
Fundraising/development	565,772	-	-	565,772
Total Support Services	898,529	-	-	898,529
TOTAL EXPENSES	3,792,746	-	-	3,792,746
INCREASE IN NET ASSETS	1,735,511	(232,782)	(117)	1,502,612
NET ASSETS, beginning of year as restated	4,149,342	729,456	1,538,600	6,417,398
NET ASSETS, end of year	$ 5,884,853	$ 496,674	$ 1,538,483	$ 7,920,010

See Notes to Financial Statements

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.

STATEMENT OF CASH FLOWS

Year Ended March 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Net increase in net assets	$ 1,502,612
Adjustments to reconcile net increase in net assets to net cash flows from operating activities:	
Depreciation	88,646
Gain on sale of property and equipment	(2,710,336)
Unrealized gain on investments	(28,398)
Realized loss on sale of investments	39,562
Change in value of split-interest agreements	7,035
Contribution of investments	(42,181)
Decrease (increase) in operating assets:	
Unconditional promises to give, net	229,201
Inventory	(22,240)
Prepaid expenses and other current assets	255,428
Increase (decrease) in operating liabilities:	
Accounts payable and other accrued expenses	(100,155)
Income taxes payable	100,250
Deferred revenue - Building escrow	(100,188)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(780,764)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(102,921)
Proceeds from sale of property and equipment	2,816,562
Purchase of investments	(4,818,854)
Proceeds from sale of investments	2,840,050
NET CASH FLOWS FROM INVESTING ACTIVITIES	734,837
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment of charitable gift annuities	(5,488)
Payment of capital lease	(450)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(5,938)
NET DECREASE IN CASH	(51,865)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	972,562
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 920,697

See Notes to Financial Statements

(1) Nature of organization and summary of significant accounting policies

Nature of activities - The Foundation for Economic Education, Inc. ("Foundation") is a non-profit Foundation incorporated in the State of New York. Its purpose is to promote the principles of sound economics, including individual freedom, private property, limited government and free trade. The Foundation publishes pamphlets, books and *The Freeman* monthly magazine, as well as opinion editorials dealing with topics of economics, history and moral philosophy. The Foundation also conducts introductory and advanced seminars, debates and runs web sites promoting economic education.

Basis of accounting - The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of presentation - The Foundation's financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Use of 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 financial statements, and the reported amounts of revenues and expenses during the reporting period.

Material estimates that are particularly susceptible to significant change relate to the determination of the fair value of investment (Note 2), in particular the Level 3 investments. Actual results could differ from those estimates.

Cash and cash equivalents - The Foundation considers cash on hand, money markets, unrestricted demand deposits in banks, and certificates of deposit with original maturities of three months or less, to be cash equivalents for the purpose of the statement of cash flows.

Inventory - The Foundation maintains an inventory of its publications for sale. Inventory is stated at the lower of cost or market determined on a first-in first-out basis.

(1) Nature of organization and summary of significant accounting policies - continued

Investments - The Foundation has adopted FASB ASC 958-320, *Accounting for Certain Investments Held by Not-For-Profit Foundations*, whereby investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Gains and losses on investments are recognized in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act ("NYPMIF A"), its version of the Uniform Prudent Management of Institutional Funds Act ("UPMIF A"). All not-for-profit Foundations formed in New York must apply this law. The Foundation classifies donor-restricted endowment funds as permanently restricted net assets, unless otherwise stipulated by the donor: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

From time to time, the fair value of the assets associated with an individual donor-restricted endowment fund may fall below the fund's historical dollar value. Under NYPMIFA, the Foundation may spend below the historical dollar value of its endowment funds, if determined to be prudent, unless specific donors have stipulated to the contrary. FASB ASC 958-205 *Not for Profit Entities Presentation of Financial Statements* requires the portion of a donor restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure.

The Foundation’s investment policies, as approved by the Board of Trustees, are as follows: There will be a cash reserve for operations, with a target balance at each March 31 equal to 30% of the coming fiscal's year's expenditure budget, to be invested in cash and near-cash instruments. There will be a liquidity reserve for contingencies, with a target balance at each March 31 equal to 30% of the coming fiscal year's expenditure budget, to be invested in cash, near-cash and medium-term fixed-income instruments. Finally, all other investable funds, to be invested in accordance with the investment policies set forth by the board; provided, however, that to the extent there are donor-imposed restrictions on investment of specific funds which conflict with these investment policies, the donor-imposed restrictions will govern.

The following are the asset allocation guidelines set forth by FEE’s Board of Directors:

	Long-Term Target	Allowable Range
Equity	75%	50% - 90%
Fixed Income	20%	0% - 35%
Cash	5%	0% - 20%

(1) Nature of organization and summary of significant accounting policies - continued

Investments – continued -These percentages will be based on the fair market value of investments. Additionally, within the equity category, up to 20% of total domestic equity may be allocated to small- and mid-cap value funds. Further, an allocation of up to 20% of total equity may be allocated to international equities.

On an annual or more frequent basis, the Foundation calculates the amounts distributable from each of its restricted accounts and releases such amounts for expenditure on the purposes specified by the respective donors, as summarized in Note 4.

Contributions and unconditional promises to give - The Foundation has adopted Financial Accounting Standards Board (FASB) Codification Section 958-605 *Not for Profit Entities Revenue Recognition*. FASB Codification Section 958-605 requires that unconditional promises to give (pledges) be recorded as receivables and revenue and requires that the Foundation distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible promises receivable. The allowance is based upon prior years' experience and managements' analysis of specific promise made. Management believes that all of the unconditional promises to give are collectible, and therefore no allowance was recorded at March 31, 2015.

Contributed services - Donated services are recognized as contributions if the services create or enhance non-financial assets or if the services required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. In addition, volunteers provide assistance with specific programs that is not recognized as revenue since the recognition criteria were not met.

Donated property and equipment - Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

(1) Nature of organization and summary of significant accounting policies - continued

Depreciation - Property and equipment are stated at cost and depreciated using an accelerated method over the estimated useful lives. Maintenance and repairs, which do not extend the life of an asset, are expensed as incurred. Property is evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Estimated useful lives are as follows:

Assets	Useful Lives
Computer equipment and software	3 - 5 years
Furniture and equipment	5 - 7 years
Building and improvements	10 – 39 years

Advertising - Advertising costs are expended as incurred. For the year ended March 31, 2015, the costs expended were $43,264.

Income taxes - The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") of 1954, as amended, and, as such, is not subject to income taxes on income received for exempt purposes. Income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation holds an investment in an S-Corporation that is considered a pass-through entity under the IRC. Accordingly, the Foundation is liable for any income tax generated from this unrelated business income received from its investment. During the year ended March 31, 2015, the Foundation recorded income tax expense of $155,955 on this unrelated business activity. Income taxes paid totaled $1,120 for 2015.

Uncertain tax positions - The Foundation accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. The Foundation has identified its tax status as a tax exempt entity as a tax position; however, the Foundation has determined that such tax position does not result in an uncertainty requiring recognition. The Foundation believes it is no longer subject to tax examinations for years prior to 2011.

(2) Investments and fair value measurements

U.S. GAAP defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (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 - Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

Level 2 - Directly or indirectly observable inputs for quoted and other than quoted prices for identical or similar assets or liabilities in active or non-active markets.

Level 3 - Unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2015.

Mutual funds and exchange traded funds: Valued at the daily closing price as reported by the fund. Mutual funds and exchange traded funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily Net Asset Value ("NAV") and to transact at that price. The funds held by the Foundation are deemed to be actively traded.

Common stock: The Foundation has a 1.38% ownership in a privately held company. The estimate of the investment's fair value was $1,780,000 at March 31, 2015, and is recorded in noncurrent assets due to the illiquid nature of the investment. In 2015, the Foundation estimated fair value using a weighted-average estimate using both income and market approaches that incorporate observable inputs from comparable companies. However, the stock is not traded in an active market, and therefore the investment is recorded at fair value using level 3 inputs.

(2) Investments and fair value measurements - continued

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Foundation 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.

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments, including beneficial interests held in investments, at fair value as of March 31, 2015:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 4,865,551	$ -	$ -	$ 4,865,551
Exchange traded funds	148,576	-	-	148,576
Common stock	53,333	-	1,780,000	1,833,333
Total investments at fair value	$ 5,067,460	$ -	$ 1,780,000	$ 6,847,460

The following tables set forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended March 31, 2015. The unrealized gain from level 3 investment is recorded in net investment income on the statement of activities.

Balance, April 1, 2014	$ 1,774,000
Unrealized gain	6,000
Balance, March 31, 2015	$ 1,780,000

(2) Investments and fair value measurements - continued

The following table presents the Level 3 investment, the valuation techniques used to measure the fair value of that investment, and the significant unobservable inputs and the range of values for those inputs. Changes in these inputs may result in a significant change in the fair value of the investment.

Description	Fair Value	Valuation Techniques	Unobservable Inputs	Range
Common Stock	$ 1,780,000	Capitalized earnings	Weighted average cost of capital	11%
			Discount for lack of marketability and control	25%
		Merger and acquisition method	Multiple of earnings	5.20 - 5.50
			Discount for lack of marketability and control	25%

The following presents the fair value and cost basis of the investments as of March 31, 2015, and the composition of the net investment gain for the year then ended:

	Cost	Fair Value
Mutual and exchange traded funds	$ 4,992,977	$ 5,014,127
Common stock	931,751	1,833,333
	$ 5,924,728	$ 6,847,460

Net investment return:	
Interest and dividends	$ 57,285
Realized loss	(39,562)
Unrealized gains	22,398
Unrealized gain - investment in privately held company	6,000
Dividend income - investment in privately held company	259,546
Investment fees	(12,009)
Net investment income	$ 293,658

(3) Temporarily restricted net assets

Temporarily restricted net asset are restricted either by time or for future programs. Temporarily restricted net assets are maintained in segregated investment accounts when required by the donor. These restrictions are classified as follows at March 31, 2015:

Western Mass. Discussion	$	17,251
Whitman Scholarships		33,890
Eugene Thorpe Award		26,090
Hecht Foundation - Summer Seminars		132,623
North American Foundation - unrestricted multi-year		194,217
Rupe Debate Award		56,429
Patterson Family Foundation		10,000
Beneficial trust (Note 5)		26,174
	$	496,674

(4) Endowment funds and permanently restricted net assets

Permanently restricted net assets include contributions and grants specified by the donors to be used for endowment, and consisted of the following as of March 31, 2015. These investments are held for long-term purposes and are recorded in noncurrent investments and investments held in trust on the statements of net assets.

The following is a brief summary of the stipulations of the donor for the previously mentioned endowment funds:

a. The Berkheimer Endowment requires that income generated from the endowment is first added to corpus up to the CPI index of the fund and the remaining balance is to be used for unrestricted purposes.
b. The Krogdahl Trust does not restrict the use of income generated and therefore, can be used for unrestricted purposes.
c. The Maughmer bequest requires that 20% of net earnings be expended for agreed-upon projects of the Foundation for Economic Education-Maughmer Fund, located at Washington State University. The remaining 80% of net earnings is required to be expended by the Foundation on the education of students in the Mountain and/or in the Pacific States.
d. The Warren Trust does not restrict the use of income generated and therefore, can be used for unrestricted purposes. The corpus of the trust was equally divided between the Foundation and another not-for-profit Foundation. The funds are held in a separate investment account and the income generated, if any, is distributed in accordance with the trust. The Foundation's share of the corpus is reflected as permanently restricted net assets, and is reported as investment held in trust on the statement of financial position.
e. The Charlene Barr Chalberg Endowment requires that the income generated from the endowment is to be used for "Charlene Barr Memorial Scholarships" to support high school students attending the Freedom 101 Program.

(4) Endowment funds and permanently restricted net assets - continued

The composition of endowment net assets is as follows as of March 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Berkheimer Endowment	$ (10,654)	$ -	$ 159,230	$ 148,576
Krogdahl Trust	(466)	-	31,561	31,095
Maughmer Bequest	(7,750)	-	1,100,075	1,092,325
Warren Trust	(32,907)	-	157,617	124,710
Charlene Barr Chalberg Endowment	(1,258)	-	90,000	88,742
	$ (53,035)	$ -	$ 1,538,483	$ 1,485,448

Changes in endowment net assets for the year ended March 31, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Net Assets
Balances, March 31, 2014	$ (43,961)	$ 12,047	$ 1,538,600	$ 1,506,686
Net investment income (loss)	(9,074)	-	(117)	(9,191)
Appropriations	-	(12,047)	-	(12,047)
Balances, March 31, 2015	$ (53,035)	$ -	$ 1,538,483	$ 1,485,448

(5) Promises to give

Unconditional promises to give consist of the following at March 31, 2015. Long-term promises to give have been discounted at a risk-adjusted rate of approximately 2%.

Due in less than one year	$ 230,000
Due in two to five years	115,000
	345,000
Less: unamortized discount	(8,159)
	336,841
Current portion	223,846
Noncurrent portion	$ 112,995

(6) Beneficial trusts

The Foundation is the beneficiary of a charitable remainder trust that is held and administered by others on its behalf. When the trust is terminated, the trust assets will be distributed to the Foundation. The trust assets held are reported at their fair value of $26,174 with a cost basis of $22,174 at March 31, 2015. The trust assets are not restricted by the grantor, but are recorded as temporarily restricted net assets pending the passage of time until trust termination, at which time the assets will be released from restriction. Net investment loss from the beneficial trust totaled $1,809, including realized/unrealized gains and losses, interest income and investment fees, was reported in the statement of activities for the year ended March 31, 2015.

The Foundation is the beneficiary of two additional charitable remainder trusts that are held and administered by others on its behalf. The Foundation's right to these trust assets remains conditional, and therefore the Foundation's share of trust assets is not recorded on the statement of financial position. When the conditional status is changed such that the Foundation has an unconditional right to these trust assets, the related investments will be recorded on the statement of financial position. The Foundation received distributions from these two trusts approximating $13,000 during 2015, and recognized this amount in investment income on the statement of activities.

(7) Charitable gift annuities

On December 3, 2007, a charitable gift annuity agreement (split-dollar agreement) was executed by a donor with the Foundation. The donor provided the Foundation with a charitable gift of $50,000 to establish a segregated investment account. An annual annuity payment of $4,550, paid on a quarterly basis, was calculated using a 9.1% discount rate. The present value of the future annuity payments to the beneficiaries, using a 5.3481% actuarial rate, was $9,101 at March 31, 2015. For the year ended March 31, 2015, payments of $1,138 were made and interest expense of $235 was reported on the statements of activities. Past due quarterly payments totaling $3,413 were made in June 2015. During 2015, the Foundation was required to record an additional obligation under this agreement due to changes in the actuarial assumptions related to the beneficiary. An additional liability of $5,688 was recorded to estimate future quarterly payments through June 2016.

On December 1, 2009, another charitable gift annuity agreement (split-dollar agreement) was executed by the same donor above with the Foundation. The donor provided the Foundation with a charitable gift of $100,000. An annual annuity payment of $8,700, paid on a quarterly basis, was calculated using an 8.7% discount rate. The present value of the future annuity payments to the beneficiaries, using a 5.129% actuarial rate, was $14,650 at March 31, 2015. The present value is to be recalculated on annual basis and any adjustments are to be reported in the statement of activities. For the year ended March 31, 2015, payments of $4,350 were made and interest expense of $1,111 was reported on the statements of activities. Past due quarterly payments totaling $4,350 were made in June 2015.

(7) Charitable gift annuities - continued

New York State required that the Foundation establish a reserve account for its charitable gift annuities. The Foundation has established a $100,000 reserve account. The future maturities of the charitable gift annuities are as follows at March 31, 2015:

2016	$	20,477
2017		3,274
Total	$	23,751

(8) Building sale contract

On January 26, 2011, the Foundation entered into a Purchase and Sale Agreement to sell its real property in Irvington, New York, for a price of $3,100,000. The Purchaser's obligation to purchase was contingent upon securing certain approvals from local and state authorities (the "Approvals") necessary to develop a project of certain size on the property for use as an assisted living and memory care facility. Upon execution of the Agreement, the Purchaser remitted to an escrow account a non-refundable deposit of $100,000, creditable against purchase price. This amount, together with interest thereon, was released to the Foundation (per the Agreement) after one year of the Approval Period had elapsed. Additional deposits were due under the Agreement, but were not remitted by the Purchaser. The Approvals were not secured from the related authorities as of March 31, 2013. Due to the uncertainty with respect to the securing of the Approvals, the Foundation did not record a receivable for the additional deposit required under the Agreement as of March 31, 2013.

On April 3, 2014, the Foundation and Purchaser amended Purchase and Sale Agreement, and the Purchaser then assigned their rights under the amended Purchase and Sale Agreement with the Foundation to a new purchaser (the "Assigned Purchaser"). The amended Purchase and Sale Agreement reduced the sales price to $2,975,000, required non-refundable deposits payable on April 3, 2014 of $500,000, removed the contingent provision with respect to the Approvals, and required closing by September 30, 2014. The Foundation received the required $500,000 on April 3, 2014 and the closing took place on October 8, 2014, by subsequent agreement. Deferred revenue of $100,188 relating to the non-refundable deposit with the prior Purchaser was recognized as building deposit revenue in the 2015 statement of activities in accordance with the terms of the amendment and assignment of the Purchase and Sale Agreement. The Foundation recognized a gain on sale of this property of approximately $2,770,000 during 2015.

(9) Property and equipment

Property and equipment consist of the following:

Cost		
Leasehold improvements	$	27,268
Software		116,860
Computer equipment		312,097
Total cost		456,225
Accumulated depreciation		287,801
Net property and equipment	$	168,424

(10) Retirement plan

The Foundation sponsors a tax-deferred annuity plan under section 403 (b) of the Internal Revenue Code. All employees are eligible to participate in this plan, to which they may contribute any whole percentage of their salary up to the maximum permitted by law. During 2015, the Foundation contributed approximately $24,000 to the trustee for the employee contributions to this plan.

(11) Leases

The Foundation leases office facilities and equipment under various, long-term, non-cancellable operating lease agreements expiring through March 2017. Approximate minimum lease payments under these operating leases are as follows:

2016	$	72,400
2017		13,100
Total	$	85,500

Rent expense, net of deferred lease incentive amortization and including common area maintenance charges, was approximately $77,000 for the year ended March 31, 2015.

(12) Concentration of credit risk

The Foundation maintains cash balances at several financial institutions and brokerage firms. The cash accounts at each of these financial institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At March 31, 2015, the uninsured cash balance, including cash balances at a brokerage firm, was approximately $601,000.

(13) Prior period adjustments

As discussed in Note 6, the Foundation is named as a beneficiary for two charitable remainder trusts that provide a conditional right to trust assets. The Foundation's right to benefits from these trusts is conditional due to the trustee retaining the right to change the designated beneficiary at any time and due to other beneficiaries having the ability to access trust corpus that may have significant impact on trust assets. Previously issued financial statements reflected the beneficial interest in these trusts as assets and a component of temporarily restricted net assets. In 2015, the Foundation recorded a prior period adjustment which simultaneously reduced the beneficial interest in trusts and temporarily restricted net assets by $567,187 as of March 31, 2014. In addition, the Foundation recorded an adjustment to properly classify net asset balances for endowments whose fair value was less than the original endowment contribution. The effect of this adjustment simultaneously increased permanently restricted net assets and decreased unrestricted net assets by $29,243 as of March 31, 2014.

(14) Subsequent events

The Company has evaluated subsequent events through October 20, 2015, which is the date the financial statements were available to be issued.

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Trustees

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.

We have audited the financial statements of the Foundation for Economic Education, Inc. as of and for the year ended March 31, 2015, and have issued our report thereon dated October 20, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses 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 audit 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.

Mayer Hoffman McCann P.C.

Atlanta, Georgia
October 20, 2015

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended March 31, 2015

	Program Services				Support Services			
	Seminars & Lectures	Books & Publications	Website Outreach	Total Programs	Management & General	Fundraising / Development	Total Support Services	Total
Salaries	$ 334,414	$ 110,368	$ 320,693	$ 765,475	$ 100,759	$ 154,665	$ 255,424	$ 1,020,899
Payroll Taxes and Employee Benefits	74,665	19,921	58,280	152,866	16,171	29,118	45,289	198,155
Employee Travel	118,092	6,028	28,670	152,790	3,245	62,477	65,722	218,512
Internship	42,017	-	2,551	44,568	-	-	-	44,568
Grants to Organizations/Donations	51,840	-	-	51,840	-	-	-	51,840
Seminar Student Expenses	352,247	-	-	352,247	-	-	-	352,247
Professional Fees	222,269	120,143	139,676	482,088	9,765	91,083	100,848	582,936
Outside Services	85,627	190,136	93,609	369,372	6,607	106,604	113,211	482,583
Supplies	57,193	2,324	10,463	69,980	1,717	9,580	11,297	81,277
Postage and Delivery	16,450	25,311	7,317	49,078	1,962	36,141	38,103	87,181
Telephone	9,984	4,467	7,165	21,616	2,282	4,143	6,425	28,041
Utilities	6,831	2,256	6,551	15,638	2,086	3,160	5,246	20,884
Maintenance and Repairs	20,401	6,785	21,069	48,255	6,276	9,506	15,782	64,037
Rental Expenses	24,248	8,193	23,740	56,181	7,405	13,466	20,871	77,052
Travel - Other	61,357	901	15,678	77,936	799	12,412	13,211	91,147
Advertising and Promotional Expenses	34,959	51	4,639	39,649	47	3,568	3,615	43,264
Insurance	13,765	4,545	13,201	31,511	4,204	6,367	10,571	42,082
Real Estate Taxes	4,330	1,430	4,152	9,912	1,322	2,003	3,325	13,237
Dues and Subscriptions	2,872	633	3,491	6,996	530	3,703	4,233	11,229
Small Gifts and Awards	4,643	144	417	5,204	133	361	494	5,698
Bank Charges	2,817	930	2,702	6,449	860	1,303	2,163	8,612
Credit Card and Other Fees	5,805	1,601	4,649	12,055	1,481	2,253	3,734	15,789
License and Permits	445	147	4,346	4,938	136	206	342	5,280
Statutory Fees	455	150	436	1,041	139	210	349	1,390
Depreciation	29,063	9,596	27,873	66,532	8,876	13,443	22,319	88,851
Income Taxes	-	-	-	-	155,955	-	155,955	155,955
	$ 1,576,789	$ 516,060	$ 801,368	$ 2,894,217	$ 332,757	$ 565,772	$ 898,529	$ 3,792,746

See Independent Auditors' Report on Additional Information