

**2007 ANNUAL REPORT**

The mission of the  
**Foundation for Teaching Economics**  
is to introduce young individuals,  
selected for their leadership potential,  
to an economic way of thinking about  
national and international issues, and  
**to promote excellence in economic education**  
by helping teachers of economics  
become more effective educators.



# FTE at a Glance

## Programs

### ■ Economics and Leadership

One-week, residential programs where teachers learn how to use interactive approaches to teach economics, and where students are introduced to economics and leadership.

### ■ Economics Forces in American History

Six-day, residential, cross-curricular programs that show teachers how to integrate economics into American history courses.

### ■ The Environment and the Economy

Four-day, residential, multi-disciplinary professional development programs that bring economic analysis to environmental issues.

### ■ Online Courses

Web-based professional development courses for teachers seeking to improve their knowledge of economics.

### ■ Other Program Offerings

A variety of four-day, one-day and half-day programs that give teachers hands-on training in how to use FTE-developed classroom materials.

### ■ International Programs

One-week, residential programs that provide students with economic and leadership training and that show economics teachers how to be more effective in teaching about capitalism.

### ■ Internships for Leaders

Eight-week internships for FTE alumni at nonprofit organizations in Washington, DC.

Number of Programs in 2008	Number of Students in 2008	Number of Teachers in 2008	Students Impacted Since 1991*
14	484	250	7,420,185
6	-	270	5,528,655
12	-	336	4,599,435
7	-	175	603,330
36	-	1,080	10,962,195
5	120	170	1,069,100
15	15	-	243

### Founded

1975 as a 501(c)(3) nonprofit corporation

### Purpose

To introduce young individuals, selected for their leadership potential, to an economic way of thinking about national and international issues, and to promote excellence in economic education by helping teachers of economics become more effective educators.

### Key Personnel

William J. Hume, Chairman  
Gary M. Walton, President  
Board of Trustees: 16 members

### Website

For detailed information about the FTE, including programs for students and resources for teachers, visit [www.fte.org](http://www.fte.org).

### Geographic Area Served

Programs are conducted nationwide, in Central Europe and other countries with participants from around the world.

### How Participants Are Selected

Participants are selected with help from partner organizations.

### Cost

Programs are free for teachers. Students pay a nominal application fee. Room, board and materials are all provided by the FTE.

### Finances

2008 Budget: \$4.2 million  
• Endowment Utilization: \$1.9 million  
• Fundraising and Grants: \$2.3 million

### Professional Teachers Association

- 5,700 members
- Frequent newsletters
- Ongoing support
- Annual professional development seminars

### Student Alumni Tracking

- 6,060 members in Alumni Association
- Newsletter distributed every six months
- Three EFL Alumni Reunions in 2008

\*estimated



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## Letter from the Chairman



Dear Friends, Colleagues, and Supporters,

2007 was a good year for the FTE. Donors made it possible for us to train a record number of high school teachers (2,313) at our programs, with 139 of those teachers taking their FTE course online. The number of students (529) coming to our programs also set a record. In 2008, we expect those numbers to grow.

However, when viewed on a national basis, the scene is not quite so good. A recent nationwide test conducted by NAPE found that only 1 in 10 high school seniors could analyze how a change in the unemployment rate affects income, spending and production. The NAPE test confirms a long-term, troubling trend: students leaving high school with less and less (*in many cases little or no*) understanding of the principles that gave rise to America's greatness. The resulting lack of civic preparedness does not bode well for our democracy because, in time, these students will be asked to vote on complicated issues of vital importance.

I believe we must improve economics education in our nation's schools now, so that graduating students (*future voters*) will be able to use critical analysis to make informed decisions about important public policies.

The FTE has multi-faceted strategies to achieve that goal. Each year, we select high school students who demonstrate leadership potential and bring them together in groups for a week to learn how leadership skills can be enhanced by an understanding of economic principles. In addition to our student programs, in order to impact thousands of additional students, the FTE develops curriculum materials and conducts a variety of professional development programs to help teachers do a better job of making economic principles understandable. The following pages provide an overview of FTE activities.

The big question is, "Is the FTE making a difference?" To answer that question, the FTE commissions an "educational audit" of our programs each year. I am happy to report that our most recent independent assessment concludes that we are having a measurable impact: pre- and post-tests of students attending our programs showed an improvement of 23 percentage points. The independent assessment is posted on the FTE's website at: [www.fte.org/aboutus/evaluations](http://www.fte.org/aboutus/evaluations). In 2008, we will be testing to determine the impact that FTE teacher training has on student learning — teachers will be administering an end-of-semester test to a class of students prior to their attending an FTE course, and then administering an end-of-semester test to their next class of students after their attending.

We need to continue to grow and interact with more students and teachers. Your contribution is necessary for us to do that, and I invite all who understand the importance of the FTE's mission to support our work. To those who made a contribution to the FTE in 2007, we are most grateful.

Sincerely,

A handwritten signature in black ink that reads "William J. Hume". The signature is written in a cursive style with a horizontal line underneath the name.

William J. Hume  
Chairman



# Finding Good Fits

The FTE stays small by partnering with other organizations that are willing to add their strengths and expertise to our programs. By cooperating with others, the FTE extends its impacts and leverages its own, and the partners', resources.



*“The axiom ‘No one washes a rental car’ applies to the environment; if you don’t own it, you don’t take care of it. PERC’s research focuses on this connection, but going beyond research requires education. For this reason, PERC collaborates with the FTE to help high school teachers and students understand the importance of property rights and markets to freedom, prosperity, and environmental quality. This partnership extends PERC’s reach to the students who are our future leaders.”*

Terry Anderson  
Executive Director  
Property and Environment Research Center

# FTE Partnerships

## U.S. PARTNERS

Alabama Council on Economic Education  
Alaska Council on Economic Education  
Arizona Council on Economic Education  
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Asset Builders of America, Inc.  
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Capital Partners for Education  
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Center for Economic Education, Virginia State University  
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Cleveland Center for Economic Education,  
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Colorado Council for the Social Studies  
College of Wooster  
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Delaware Council on Economic Education  
Distributive Education Clubs of America  
East Central European Scholarship Program  
Economics Center for Education and Research (Cincinnati, OH)  
Economic Education Council of Massachusetts  
EconomicsAmerica of Michigan  
Edmond Public Schools (OK)  
Edmonds School District (WA)  
Environmental Literacy Council  
European Union Center, University of Illinois  
at Urbana-Champaign  
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South Dakota Council on Economic Education  
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Texas Council on Economic Education  
The National FFA Organization  
United States Naval Sea Cadet Corps  
University of Colorado, Colorado Springs  
University of Delaware (MAEEE)  
The University of Texas, McCombs School of Business  
University of San Diego  
University of Virginia Center for Politics  
Utah Council on Economic Education  
Vancouver Public Schools (WA)  
Vermont Council on Economic Education  
Virginia Council on Economic Education  
Washington Council on Economic Education  
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Youth Entrepreneurship of Kansas

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The Tax Foundation

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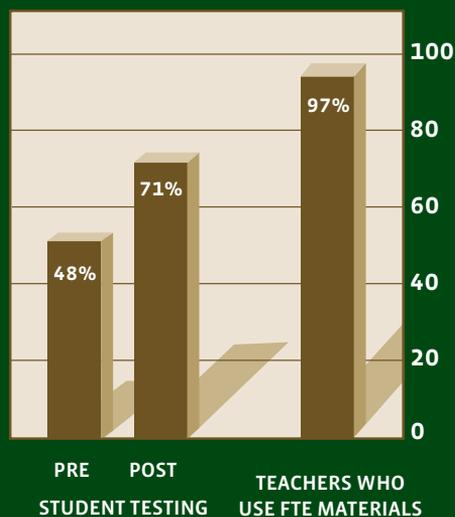
*Dr. Dana L. Kelly and Dr. Ina V.S. Mullis, Independent Evaluators*

## Making a Difference?

In 2007, Dr. Ina V. S. Mullis and Dr. Dana L. Kelly, authorities in measuring student learning, conducted in-depth evaluations of all FTE programs. The FTE uses this independent assessment to measure impacts and uncover program weaknesses.

Their 2007 report concludes:

“Our evaluation shows that FTE continues to make a substantial impact on the teaching and learning of economics. The Foundation should be very proud of its accomplishments this year, and every year.”



## PROGRAMS

# FTE Programs

## ■ Economics and Leadership

One-week, residential programs where teachers learn how to use interactive approaches to teach economics, and where students are introduced to economics and leadership.

## ■ Economic Forces in American History

Six-day, residential, cross-curricular programs that show teachers how to integrate economics into American history courses.

## ■ The Environment and the Economy

Four-day, residential, multi-disciplinary professional development programs that bring economic analysis to environmental issues.

## ■ Online Courses

Web-based professional development courses for teachers seeking to improve their knowledge of economics.

## ■ Other Program Offerings

A variety of four-day, one-day and half-day programs that give teachers hands-on training in how to use FTE-developed classroom materials.

## ■ International Programs

One-week, residential programs that provide students with economic and leadership training and that show economics teachers how to be more effective in teaching about capitalism.

## ■ Internships for Leaders

Eight-week internships for FTE alumni at nonprofit organizations in Washington, DC.



## Focus on Leaders

An understanding of economics provides knowledge that is indispensable in making political decisions. FTE programs are designed to equip the next generation of leaders with an economic way of thinking about issues that are critical to America's future.

Economics and Leadership programs promote an understanding of market economies by giving teachers the resources to become more effective and giving students training that will serve them well.

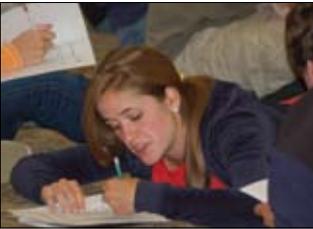
*"I can honestly say that this was one of the best weeks of my life. I learned more about myself, and life, in that 7-day period than I ever have before."*

— Elaina Al-Nimri

# Economics and Leadership

## Program Description

These week-long, residential programs provide high school students and teachers with economic and leadership training. Teachers observe classes in which master instructors engage students in learning through experiential activities. Teachers then discuss ways to incorporate FTE materials and teaching methods into their classrooms. Students learn how to apply economic principles in leadership situations.



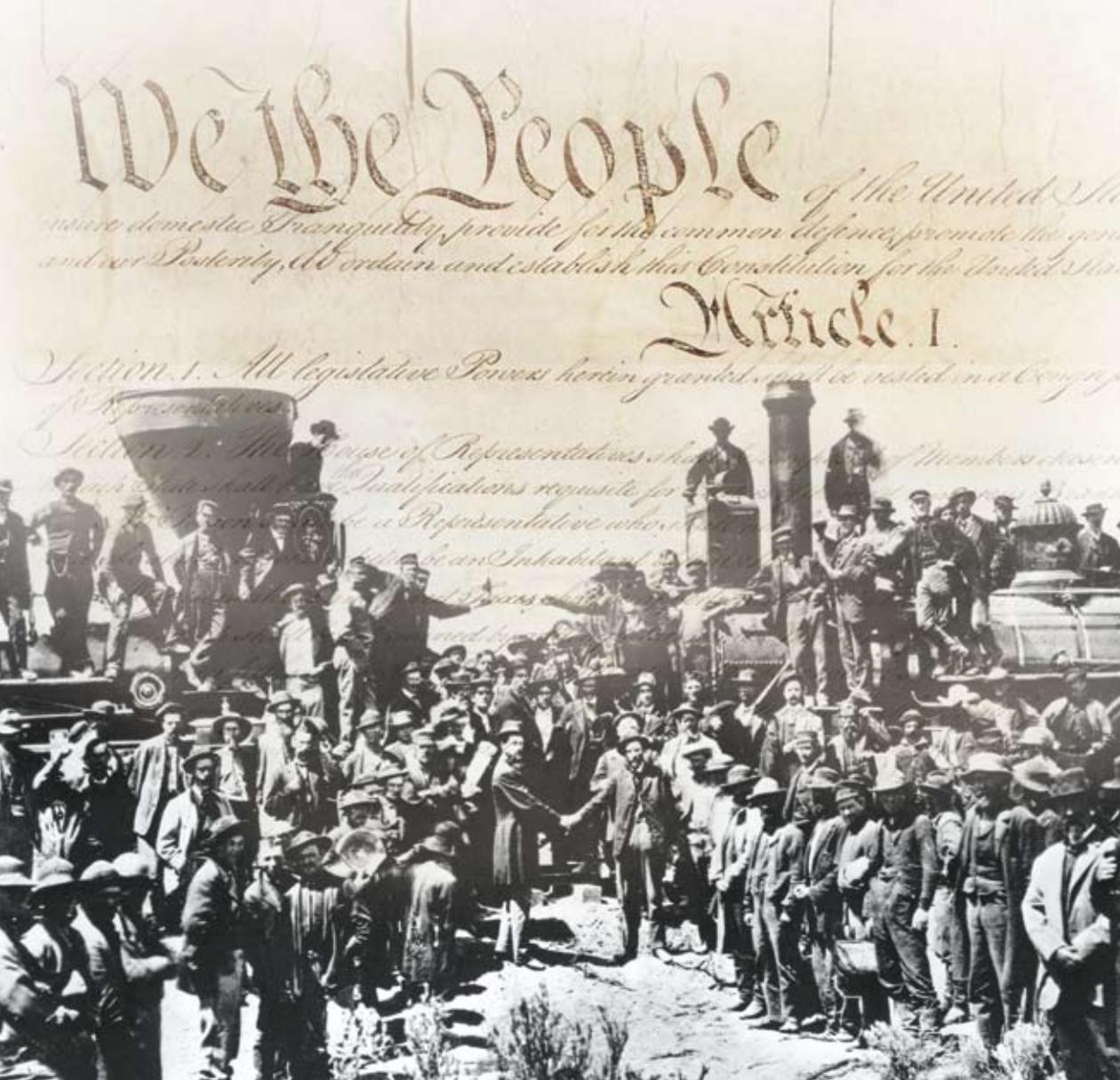
## Supply & Demand

- 14 EFL programs will be offered in 2008
- High school students with leadership potential compete for 30 openings at each program
- Partner organizations help recruit 25 teachers to each program
- 803 students and teachers attended these programs last year



## Benefits & Cost

- Meets teachers' continuing education requirements with graduate-level credit
- Teachers receive valuable classroom materials and improve their understanding of market economics
- Students have a fun-filled week while gaining an economic way of thinking and useful leadership skills
- Cost to participants: only their time



## Understanding History

If students are truly to understand America's history, teachers need to include explanations of the economic forces that shaped changes in earlier periods.

The FTE's Economic Forces in American History programs offer social studies teachers professional development courses where they can learn how to use lesson plans that apply economic analysis to important events in our country's history.

*"Very informative: the instructors superb, the program fun and well organized. The material I am taking back to my classroom is fresh and my perspective is new and improved. The FTE is a phenomenal resource."*

— B. J. Washington

# Economic Forces in American History

## Program Description

These six-day, residential, cross-curricular programs help teachers incorporate economic reasoning into their high school American history courses. Program instructors provide economic explanations of pivotal historical events. Teachers learn how to use simulations based on historical circumstances — allowing students to relive history, rather than just hear or read about it. Topics include: immigration, the rise of big government, causes of the Great Depression, the New Deal and many more.



## Supply & Demand

- 6 EFIAH programs will be offered in 2008
- Partner organizations help market the programs, ensuring notification to a large number of teachers
- 310 teachers attended these programs last year



## Benefits & Cost

- Meets teachers' continuing education requirements with graduate-level credit
- Teachers become more effective at helping students understand American history
- Teachers receive valuable classroom materials and improve their understanding of market economics
- Cost to participants: only their time



## Economics to the Rescue

Environmental issues often make attention-grabbing headlines. This publicity also makes them wonderful “teaching opportunities” in the classroom.

The Environment and the Economy programs are successful because the FTE takes headlines and turns them into well-thought-out lesson plans, supported by background research, and then shows teachers how using economic analysis can help students understand, and solve, thorny environmental problems.

*“What a wonderful educational opportunity. The presenters were outstanding, the topics ‘right on,’ and the field trip to Lake Emerald was something I will never forget.”*

— Linda Farrell

# The Environment and the Economy

## Program Description

During these four-day, residential programs, teachers learn how to use environmental issues as topics to teach economic principles. Instructors demonstrate strategies for applying economic reasoning to solve common environmental problems, and attendees learn how to use lesson plans that involve students through the use of games and simulations. One day of the program is devoted to a field trip, where teachers get a first-hand look at an environmentally challenging situation.



## Supply & Demand

- 12 E&E programs will be conducted in 2008; funded by HSBC-North America
- Partner organizations cooperate in recruiting 30 teachers to each program
- 390 teachers attended these programs last year



## Benefits & Cost

- Meets teachers' continuing education requirements with graduate-level credit
- Teachers receive classroom-ready lesson plans that are fun for students
- Turns current issues into teaching opportunities
- Cost to participants: only their time



## The FTE Connected

FTE online programs have been steadily growing. The advantages of online courses — no travel, no bricks and mortar classroom, no fixed schedule for “attending” class, and an ability to reach a world-wide audience — make this form of program delivery attractive to the FTE and also to teachers who need to fulfill continuing education requirements or who are seeking graduate level credits.

*“I thought that an online class might be a bit of a blow off. Not so with the FTE! It surpassed all expectations and is among the most interesting of classes that I have ever taken.”*

*— Misty Crompton*

# Online Courses

## Program Description

Teachers are under pressure to become adept at including Internet sources of information and using technology-based teaching strategies in their classrooms. The FTE's online programs serve two purposes: (1) Professional development for high school teachers, and (2) practice and familiarity with computer-based learning systems. The FTE's Economics Online Courses for Teachers® are unique in that they offer graduate-level credit.



## Supply & Demand

- 7 online courses will be offered in 2008
- The FTE markets these courses aggressively through its network of partners
- 139 teachers from around the world enrolled in online programs last year



## Benefits & Cost

- Meets teachers' continuing education requirements with graduate-level credit
- Teachers take the course at their own pace
- No travel, no classroom
- Cost to participants: only their time



## FTE Opportunities

Over the course of 30 years, the FTE has created many classroom-ready economic education materials to help high school teachers do a better job of teaching students to be productive and informed citizens. Realizing that different teachers have different needs, the FTE offers a variety of other programs that show teachers how to use these materials. Some are after-school, in-service seminars; others are longer residential programs.

*“Outstanding! There is no other word to describe this program. I am already incorporating the ideas from the presentations into what I am teaching.”*

*— William Penberthy*

# Other Program Offerings

## Program Description

The FTE is constantly developing lesson plans that reflect current events, so that teachers will have a better chance of keeping their students' attention. The most recent is a unit on the **Economics of Disasters**. FTE seminars and materials provide teachers with background information, real-world examples, and classroom activities. As an example, the FTE's unit **Is Capitalism Good for the Poor?** goes to the heart of a widely held belief that capitalism is flawed because it is not fair — especially, that capitalism is not fair to the poor. The unit explains how capitalism fosters freedom, material well-being and cooperation in society, and how capitalism has been good for the poor.



## Supply & Demand

- 36 other programs will be conducted by the FTE in 2008
- New topics and new programs are continually being developed
- All programs are in response to teacher suggestions or requests
- 1,188 teachers attended these programs last year



## Benefits & Cost

- Teachers receive well-researched, fully documented, ready-to-use lessons that address an emotionally charged issue — resources that make teachers more effective
- Teachers receive classroom-ready lesson plans that are fun for students
- Cost to participants: only their time



## The FTE Abroad

FTE programs and materials are just as effective and relevant in Australia as they are in Arizona. With international partners leading the way, the FTE is able to deliver high-quality content around the world to teachers who need help in making economic principles understandable and useful.

*“The instruction offered new teaching methods, new ways of transmitting skills and competencies, of motivating young people to study economics. I was very impressed by the combination of efficiency and fun in the program.”*

*— Diana Kanazireva, Bulgaria*

# International Programs

## Program Description

After the collapse of communism in 1990, the FTE began offering its **Economics and Leadership** program in Bulgaria, the Czech Republic, Hungary, Romania and Slovakia. Teachers in those countries are able to observe a “Western” approach to teaching economics and see how well it works with students. FTE materials are now being delivered also in Mexico, Brazil, Australia and South Africa. Teachers around the world are gaining valuable insights about the economics of free markets.



## Supply & Demand

- 5 or more programs will be offered in 2008
- High school students with leadership potential compete for 30 openings at Central European programs
- In-country partners recruit 30 teachers to each Central European program
- 270 students and teachers attended these programs last year



## Benefits & Cost

- Teachers receive valuable classroom materials and improve their understanding of market economics
- Students have a fun-filled week while gaining economic insights and useful leadership skills
- Cost to participants: only their time



## Assisting Alums

The FTE is committed to maintaining close ties with its student alumni, and one way to accomplish this is by providing ongoing opportunities to study economics and further hone leadership skills. One example of such an opportunity is the FTE's Internship program.

*“My FTE internship had an extreme impact on me. I developed professional contacts and made lifelong friends. It was an experience I will cherish. Thank you for providing such an incredible opportunity.”*

*— Brianne Flynn*

# Internships for Leaders

## Program Description

In addition to three reunions for students, the FTE arranges eight-week (Jul-Aug) internships at nonprofit organizations in Washington, DC. FTE alumni in college are eligible to apply. Competition for the openings is intense because the internships are at prestigious organizations. In addition, the interns take part in advanced leadership training in a non-academic setting.



## Supply & Demand

- 3 reunions will be conducted in 2008
- 15 internships will be offered in 2008
- 1,162 FTE alumni in college are eligible for the 2008 openings
- Applications exceed openings three to one



## Benefits & Cost

- A unique summer job for FTE alumni in college
- Special leadership training sessions
- A weekly speaker series
- A \$2,000 stipend for each intern
- Cost to the interns: only their time

# Support for Teachers



## Teachers Association

The Foundation for Teaching Economics supports a 5,700-member Professional Teachers Association.

The FTE-PTA facilitates the exchange of ideas and provides members with important and timely information that classroom teachers need. Members are able to count on the FTE not simply as the sponsor of “a program I attended,” but rather as a committed, ongoing partner in improving economics instruction and professional development for educators.

## Online Support

The number of exemplary lesson plans on the FTE’s website continues to grow. Any teacher can access the materials, with rights granted to reproduce them.

If teachers need help with the lesson plans or concepts presented at FTE programs, they can post questions and receive answers quickly on the FTE’s bulletin board. Student alumni have their own FTE-sponsored bulletin board to maintain contact and find information on events and programs offered by the FTE and its partners.

## CONTRIBUTORS

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Rebecca and Danny Watson \*  
Barry Weinmann \*  
Mr. and Mrs. J. Patrick Whaley  
David White, Jr. and Daniel E. White \*  
Stephen F. Williams  
Betty K. Wolfe  
Art Woolf and Celeste Gaspari  
Mary Ellen Young \*

## \$99 -

69 individuals made a contribution of less than \$100

Many program participants made a contribution to the FTE in 2007. They are marked with an \*.



## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the Foundation for Teaching Economics  
Davis, California

We have audited the accompanying statements of financial position of the Foundation for Teaching Economics (the "Foundation") as of December 31, 2007 and 2006, and the related statements of activities and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Deloitte + Touche LLP*

February 29, 2008  
Sacramento, CA

## FOUNDATION FOR TEACHING ECONOMICS

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2007 AND 2006

<b>ASSETS</b>	2007	2006
CASH AND CASH EQUIVALENTS	\$ 464,488	\$ 1,095,417
CONTRIBUTIONS RECEIVABLE	115,429	77,494
INVESTMENTS:		
Readily marketable—at fair value	11,566,311	12,298,565
Not readily marketable—at cost	269,672	269,672
Total investments	11,835,983	12,568,237
PREPAIDS AND OTHER ASSETS	107,915	336,330
FURNITURE AND EQUIPMENT—Net	77,979	55,420
<b>TOTAL</b>	<b>\$ 12,601,794</b>	<b>\$ 14,132,898</b>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 238,336	\$ 200,153
Capital lease obligations	48,038	29,305
Total Liabilities	286,374	229,458
NET ASSETS:		
Unrestricted:		
Operating	(326,065)	303,614
Board-designated endowment	11,838,090	12,776,826
Total unrestricted net assets	11,512,025	13,080,440
Temporarily restricted	803,395	823,000
Total net assets	12,315,420	13,903,440
<b>TOTAL</b>	<b>\$ 12,601,794</b>	<b>\$ 14,132,898</b>

See notes to financial statements.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

	2007				2006	
	Unrestricted		Board-Designated Endowment	Temporarily Restricted	Total	Total
	Operating					
<b>REVENUES AND SUPPORT:</b>						
Contributions and promises to give	\$ 957,242	\$ -	\$ 1,503,815	\$ 2,461,057	\$ 2,988,971	
Program income	74,765			74,765	57,295	
Dividend income	909,212			909,212	731,473	
Interest and other income	10,000			10,000	14,596	
Net unrealized and realized gain (loss) on investments		(628,033)		(628,033)	775,794	
Net assets released from restriction	1,523,420		(1,523,420)	-	-	
Total revenues and support	3,474,639	(628,033)	(19,605)	2,827,001	4,568,129	
<b>EXPENSES:</b>						
Educational programs	3,760,601			3,760,601	3,581,004	
Management and general	274,337			274,337	287,572	
Public affairs and development	380,083			380,083	348,633	
Total expenses	4,415,021	-	-	4,415,021	4,217,209	
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(940,382)	(628,033)	(19,605)	(1,588,020)	350,920	
TRANSFERS	310,703	(310,703)	-	-	-	
NET ASSETS—Beginning of year	303,614	12,776,826	823,000	13,903,440	13,552,520	
NET ASSETS—End of year	\$ (326,065)	\$ 11,838,090	\$ 803,395	\$ 12,315,420	\$ 13,903,440	

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets from operating activities	\$ (1,588,020)	\$ 350,920
Adjustments to reconcile to net assets to net cash used in operating activities:		
Depreciation	24,712	25,166
Gain on sale of property	(1,752)	
Net unrealized and realized (loss) gain on investments	628,033	(775,794)
Changes in assets and liabilities:		
Contributions receivables	(37,935)	473,961
Prepays and other assets	228,415	(255,396)
Accounts payable and accrued liabilities	28,932	39,674
Net cash used in operating activities	(717,615)	141,469
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	(6,162)	(10,474)
Proceeds from the sale of equipment	3,893	
Purchase of investments	(4,118,478)	(3,506,441)
Proceeds from sale of investments	4,222,699	4,014,613
Net cash provided by investing activities	101,952	497,698
<b>CASH FLOWS FROM FINANCING ACTIVITIES—Payments on capital lease</b>		
	(15,266)	(12,625)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(630,929)	343,604
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	1,095,417	751,813
<b>CASH AND CASH EQUIVALENTS—End of year</b>	\$ 464,488	\$ 1,095,417
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION—Cash paid for:</b>		
Interest	\$ 3,203	\$ 2,817
Income tax	\$ -	\$ -
<b>NONCASH TRANSACTION—Acquisition of assets under capital lease</b>		
	\$ 43,250	\$ -

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### AS OF AND FOR THE YEARS ENDED

DECEMBER 31, 2007 and 2006

#### 1. SIGNIFICANT ACCOUNTING POLICIES

**Organization** – The Foundation for Teaching Economics (the “FTE”) is a not-for-profit entity organized for the purpose of introducing young individuals, selected for their leadership potential, to an economic way of thinking about national and international issues and to promote excellence in economic education by helping teachers of economics become more effective educators.

**Basis of Presentation** – The accompanying financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred. The financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets. As of December 31, 2007 and 2006, the Foundation had no permanently restricted net assets.

Temporarily restricted and unrestricted operating net assets represent expendable net assets that are available for support of the FTE operations. Temporarily restricted net assets represent contributions and promises to give that are designated for future periods or restricted by the donor for specific purposes. Temporarily restricted net assets were released from restriction in 2007 and 2006, primarily through the expenditure of funds for purposes which fulfilled donor-imposed restrictions. Promises to give are recorded as contributions revenue and contributions receivable in the period in which the promise is received.

Board-designated endowment net assets represent unrestricted assets that are subject to self-imposed or Executive Committee-designated restrictions of gift instruments. During 1986, the primary donor of endowment assets placed the authority for determining future use of the endowment assets with the Executive Committee of the FTE.

**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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Cash and Cash Equivalents** – Cash and cash equivalents include all investments with maturities at the time of purchase of three months or less.

**Furniture and Equipment** – Furniture and computer equipment are stated at cost. Depreciation on furniture and equipment is computed using the straight-line method over estimated useful lives of five years.

**Contributions Receivable** – Contributions receivable consist of unconditional promises to give. All contributions receivable recorded at December 31, 2007 and 2006, were expected to be collected within one year. Conditional promises to give are not included as support until the conditions are substantially met. Conditional promises to give, adjusted for discounts, were \$712,952 at year-end.

**Investments** – All debt and equity securities with readily determinable fair values are carried at estimated fair value, using quoted market prices. Other investments, such as an equity investment in a closely-held private company, are stated at cost. Investments received through gifts are recorded at estimated fair value at the date of donation. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur.

Investments consist of common stock, equity investments, and mutual funds. There is no public market for the common stock. The issuing company of the common stock has redeemed such securities from time to time based on its net book value at redemption, but this entity is not obligated to redeem the securities held by the FTE. The contributed stock was recorded at its fair market value as of the contribution date, and the carrying value has been adjusted subsequently for stock redeemed. Dividends received from this investment are recorded as investment income. A member of the Executive Committee of the FTE is a director of this company in which the FTE has a material investment.

**Income Tax Status** – The FTE is a not-for-profit corporation, exempt from federal and state income taxes under Internal Revenue Service Code Section 501(c)(3). The FTE is, however, subject to unrelated business income taxes on any income generated from operations not related to its exempt purpose, primarily income generated by the FTE's share of earnings on its investment in limited partnership units. The FTE did not incur any income tax expense for the years ended December 31, 2007 and 2006.

#### 2. INVESTMENTS

During 2006, the FTE redeemed 1,399,492 shares of Class C common stock of Basic American, Inc., realizing a gain of \$227,096.

Investments at December 31, 2007 consisted of the following:

	Carrying Value	Estimated Market Value
Readily marketable:		
Mutual funds	\$ 11,549,988	\$ 11,549,988
Equity investments	16,323	16,323
Not readily marketable (unaudited):		
Common stock	269,672	6,085,448
	<u>\$ 11,835,983</u>	<u>\$ 17,651,759</u>

Investments at December 31, 2006 consisted of the following:

	Carrying Value	Estimated Market Value
Readily marketable:		
Mutual funds	\$ 10,130,117	\$ 10,130,117
Equity investments	2,168,448	2,168,448
Not readily marketable (unaudited):		
Common stock	269,672	5,529,250
	<u>\$ 12,568,237</u>	<u>\$ 17,827,815</u>

Net unrealized and realized (loss) gain on investments included in the accompanying statement of activities and changes in net assets for the years ended December 31, 2007 and 2006, consist of the following:

	2007	2006
Net unrealized (loss) gain	\$ (734,095)	\$ 482,144
Net realized gain	106,062	293,650
	<u>\$ (628,033)</u>	<u>\$ 775,794</u>

#### 3. FURNITURE AND EQUIPMENT

Furniture and equipment at December 31, 2007 and 2006, consist of the following:

	2007	2006
Furniture and fixtures	\$ 161,560	\$ 156,221
Computer equipment	121,264	107,408
	<u>282,824</u>	<u>263,629</u>
Total		
Less accumulated depreciation	(204,845)	(208,209)
Net property and equipment	<u>\$ 77,979</u>	<u>\$ 55,420</u>

#### 4. LEASES

The FTE is obligated under capital and non-cancelable operating leases for office equipment and an office facility. Total rent expense for operating leases was \$74,081 and \$72,287 for the years ended December 31, 2007 and 2006, respectively. Future minimum payments on capital and operating leases as of December 31, 2007, are as follows:

	Operating Leases	Capital Leases
Years ending December 31:		
2008	\$ 73,149	\$ 15,947
2009	65,310	15,947
2010		12,107
2011		8,120
2012		2,712
Minimum lease payments	<u>\$ 138,459</u>	<u>54,833</u>
Less amount representing interest		(6,795)
Capital lease obligation		<u>\$ 48,038</u>

Furniture and fixtures under capital lease arrangements had a net book value of \$66,700 as of December 31, 2007, net of accumulated depreciation of \$20,821.

# FTE Staff



GARY M. WALTON  
President



JAMES R. KLAUDER  
Vice President  
Public Affairs & Development



THOMAS T. TUCKER  
Vice President  
Administration & Program Affairs



JULIE A. NEITHERCUTT  
Director of Development



WILLIAM GREGG  
Director  
Finance & Technology



LISA CHANG  
Program Director



JEANE MCNAMARA  
Program Director



DON FELL  
Program Director



KATHY RATTE  
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Curriculum Development



KEN LEONARD  
Associate Vice President



LINDA GEIGER  
Program Coordinator



SHELLY KURUZOVICH  
Student Programs Coordinator



CECILY BAILEY  
Program Coordinator



HEATHER CARKUFF  
Program Coordinator

# 2008 Program Dates

## Economics for Leaders

Austin, TX.....	June 15–22
St. Petersburg, FL.....	June 22–29
Boulder, CO.....	July 6–13
Hillsdale, MI.....	July 13–20
Ithaca, NY.....	July 13–20
San Francisco, CA.....	July 20–27
Williamsburg, VA.....	July 20–27
Claremont, CA.....	July 27–August 3
Boston, MA.....	July 27–August 3
Vancouver, BC.....	August 3–10

## FTE Leaders

Wooster, OH.....	June 15–22
Wooster, OH.....	June 22–29
Berkeley, CA.....	July 29–July 6
Ithaca, NY.....	July 6–13

## Economic Forces in American History

San Diego, CA.....	June 23–28
Williamsburg, VA.....	June 29–July 4
Gettysburg, PA.....	July 6–11
New York, NY.....	July 8–11
Wooster, OH.....	July 14–18
Las Vegas, NV.....	July 20–25

## HSBC Institute on the Environment and the Economy

Brentwood, TN.....	February 9–12
Irrington, VA.....	March 8–11
Vancouver, BC.....	April 19–22
Wichita, KS.....	May 3–6
Austin, TX.....	May 17–20
Breckenridge, CO.....	July 14–17
Killington, VT.....	August 11–14
Snowbird, UT.....	September 28–October 1
Hilo, HI.....	October 8–11
Lewisburg, PA.....	October 18–21
Buffalo, NY.....	October 25–28
San Diego, CA.....	November 8–11

## Other Program Offerings

See the FTE website at [www.fte.org](http://www.fte.org) for all schedules.



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