

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2013

ALAN S. GLACKMAN, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANT

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

(A NON-PROFIT ORGANIZATION)

REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

February 3, 2014

To the Board of Directors
Schumacher Center for a New Economics, Inc.
Great Barrington, Massachusetts

I have audited the accompanying statement of financial position of Schumacher Center for a New Economics, Inc. (a non-profit organization) as of December 31, 2013, and the related statements of activities, cash flows, and functional expenses 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

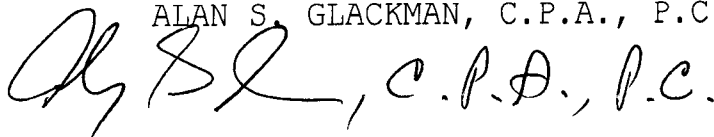
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the statement of financial position referred to above presents fairly, in all material respects, the financial position of Schumacher Center for a New Economics, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

ALAN S. GLACKMAN, C.P.A., P.C.

Handwritten signature of Alan S. Glackman, C.P.A., P.C.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETSCURRENT ASSETS

Cash and Cash Equivalents	\$ 200,540
Inventories	24,198
	224,738
TOTAL CURRENT ASSETS	224,738

PROPERTY AND EQUIPMENT

Property and Equipment	539,530
Accumulated Depreciation	(175,505)
	364,025
NET BOOK VALUE	364,025
	\$ 588,763

LIABILITIES AND NET ASSETSCURRENT LIABILITIES

Current Portion of Long-Term Debt	\$ 13,403
Interest Payable	1,243
	14,646
TOTAL CURRENT LIABILITIES	14,646

LONG-TERM LIABILITIES

Long-Term Debt	193,471
Less : Current Portion	(13,403)
	180,068
TOTAL LONG-TERM LIABILITIES	180,068

TOTAL LIABILITIES

194,714

NET ASSETS (EXHIBIT "B")

Unrestricted	240,429
Temporarily Restricted	153,620
	394,049
TOTAL NET ASSETS	394,049

\$ 588,763

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

See Independent Auditor's Report.

ALAN S. GLACKMAN, C.P.A., P.C.
 CERTIFIED PUBLIC ACCOUNTANT

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT AND OTHER REVENUES</u>			
Gifts, Grants and Contributions	\$ 245,359	\$ 333,408	\$ 578,767
Net Assets Spun Off from New Economics Institute, Inc.	180,434	--	180,434
Literature Sales Net of Cost	184	--	184
Speaking Fees	650	--	650
Seminar Registration Fees	8,058	--	8,058
Interest	9	--	9
Rent	4,600	--	4,600
Gain on Disposal of Assets	600	--	600
Net Assets Released From Restrictions:			
Satisfaction of Program Purposes	<u>179,788</u>	<u>(179,788)</u>	<u>--</u>
 TOTAL REVENUES AND SUPPORT	 <u>619,682</u>	 <u>153,620</u>	 <u>773,302</u>
<u>EXPENSES</u>			
Programs	228,332	--	228,332
Management and General	121,499	--	121,499
Fundraising	<u>29,486</u>	<u>--</u>	<u>29,486</u>
 TOTAL EXPENSES	 <u>379,317</u>	 <u>--</u>	 <u>379,317</u>
 CHANGE IN NET ASSETS	 240,365	 153,620	 393,985
 NET ASSETS - BEGINNING OF YEAR	 <u>64</u>	 <u>--</u>	 <u>64</u>
 NET ASSETS - END OF YEAR	 <u>\$ 240,429</u>	 <u>\$ 153,620</u>	 <u>\$ 394,049</u>

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

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CERTIFIED PUBLIC ACCOUNTANT

See Independent Auditor's Report.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**(A NON-PROFIT ORGANIZATION)****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2013****CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 393,985
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	14,549
Net Assets Spun Off from New Economics Institute, Inc.	(180,434)
Increase (Decrease) In:	
Interest Payable	<u>1,243</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>229,343</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Guilder House	(200,000)
Purchase of Guilder House Improvements	(20,594)
Additions to Equipment and Furnishings	<u>(1,744)</u>

NET CASH (USED) BY INVESTING ACTIVITIES	<u>(222,338)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Note Payable	200,000
Principal Payments on Long-Term Debt	<u>(6,529)</u>

NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>193,471</u>
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INCREASE IN CASH	200,476
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<u>CASH IN BANK - BEGINNING OF PERIOD</u>	<u>64</u>
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<u>CASH IN BANK - END OF PERIOD</u>	<u><u>\$ 200,540</u></u>
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SUPPLEMENTAL DATA:

Interest Paid	<u>\$ 3,472</u>
Income Taxes Paid	<u>\$ --</u>

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

See Independent Auditor's Report.

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

(A NON-PROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2011

	PROGRAMS											Totals
	Building and Grounds	Community Land Trusts	Conference	Commons	Lectures & Educational Events	Publications	Local Currency Project	Agrarian Trust	Total Programs	Management and General	Fundraising	
Expenses:												
Accounting / Bookkeeping	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,020	\$ ---	\$ 1,020	\$ 12,815	\$ ---	\$ 13,835
Advertising	---	---	---	---	---	---	1,425	---	1,425	---	---	1,425
Bank / Credit Card Fees	---	---	---	---	---	---	---	---	---	882	---	882
Berkshares Discount	---	---	---	---	---	---	---	---	---	(1,345)	---	(1,345)
Board Expenses	---	---	---	---	5,001	---	400	---	5,401	711	---	6,112
Books for Library	---	---	---	---	---	646	---	---	646	---	---	646
Building Maintenance	3,647	---	---	---	---	---	---	---	---	---	---	3,647
Conference / Event Attendance	---	---	---	---	---	---	277	428	705	8,725	47	9,477
Consultant - Engineer/Architect	875	---	---	---	---	---	---	---	---	---	---	875
Consultant - Fundraising	---	---	---	---	---	---	---	1,500	1,500	---	---	1,500
Consultant - Graphics	---	---	---	---	100	---	7,433	---	7,533	---	200	7,733
Consultant - Grounds/Driveway Care	4,204	---	---	---	---	---	---	---	---	---	---	4,204
Consultant - Intern	---	---	---	---	---	---	---	---	---	610	---	610
Consultant - Office	---	---	---	---	90	---	---	---	90	---	---	90
Consultant - Maintenance	2,984	---	---	---	---	---	---	---	---	---	---	2,984
Consultant - Web Technician	---	---	---	---	3,350	2,575	---	1,056	6,981	4,132	---	11,113
Depreciation Expense	12,883	---	---	---	---	---	---	---	---	1,666	---	14,549
Driveway Maintenance	2,050	---	---	---	---	---	---	---	---	---	---	2,050
Equipment Repair / Rental	290	---	---	---	---	---	---	---	---	1,684	---	1,974
Government Filing Fees	455	---	---	---	---	---	---	---	---	948	---	1,403
Gross Salaries	3,024	6,580	---	2,695	13,475	8,780	66,490	13,520	111,540	22,744	10,780	148,088
Grounds / Walk / Signage	3,833	---	---	---	---	---	---	---	---	---	---	3,833
Honorariums	---	---	---	---	1,000	---	---	---	1,000	---	---	1,000
Insurance	575	---	---	---	---	---	---	---	---	7,545	---	8,120
Intern Stipend	---	---	---	---	---	1,265	---	---	1,265	183	---	1,448
Interest Expense	4,715	---	---	---	---	---	---	---	---	---	---	4,715
Internet Hosting	---	140	---	---	---	---	275	---	415	2,031	---	2,446
Lease Fees and Taxes	5,000	---	---	---	---	---	---	---	---	---	---	5,000
Legal Fees	1,625	---	---	---	---	---	---	---	---	1,200	---	2,825
Meals and Entertainment	104	---	---	148	---	---	1,070	548	1,766	1,525	4,755	8,150
Memberships / Donations	---	---	---	---	1,000	---	509	---	1,509	395	50	1,954
Miscellaneous	---	---	---	---	---	---	---	130	130	10	---	140
Payroll Taxes	266	580	---	238	1,189	775	5,865	1,193	9,840	2,002	951	13,059
Postage and Delivery	---	92	---	---	344	---	582	---	1,018	1,478	189	2,685
Print / Copy / Photo	---	---	---	---	1,100	---	1,970	---	3,070	4,410	350	7,830
Program Facilities / Food / Lodging	---	---	---	---	36,156	---	5,877	---	42,033	---	---	42,033
Software / Technology	---	---	---	---	---	---	---	---	---	2,799	---	2,799
Supplies - Office	114	---	---	---	197	---	385	---	582	3,217	96	4,009
Telephone and Internet	899	---	---	---	---	---	251	---	251	3,700	---	4,850
Travel	---	---	462	1,850	63	---	7,420	1,262	11,057	9,181	4,544	24,782
Utilities	2,617	---	---	---	---	---	---	---	---	---	---	2,617
Vehicle Lease	---	---	---	---	---	---	---	---	---	3,170	---	3,170
TOTAL EXPENSES	50,160	7,392	462	4,931	63,065	14,041	101,249	19,637	210,777	96,418	21,962	379,317
Library Building and Grounds Allocation	(50,160)	1,003	9,029	1,003	1,003	1,003	3,511	1,003	17,555	25,081	7,524	---
ALLOCATED TOTAL EXPENSES	\$ ---	\$ 8,395	\$ 9,491	\$ 5,934	\$ 64,068	\$ 15,044	\$ 104,760	\$ 20,640	\$ 228,332	\$ 121,499	\$ 29,486	\$ 379,317

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

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2013****NOTE #1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Nature of Activities**

The Schumacher Center for a New Economics, Inc. (the "Center" or the "Organization") was incorporated in the Commonwealth of Massachusetts on November 20, 2012 as a not-for-profit educational organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes. In 2013 another non-profit, the New Economics Institute, Inc., spun off its library building, and collections of the E.F. Schumacher Society and the Schumacher Center for a New Economics, Inc. became heir to the assets and programs. The Center is not classified as a private foundation.

Working at the intersection of culture and economics, the Organization engages citizens in creating resilient, green, fair, and diverse regional economies. Methods include education about micro-lending, self-financing, an agricultural commons, workforce housing, local currency issue, and community-supported industry. A research library stewards the historic roots of a new economics; a lecture series showcases the visionaries of the movement; training seminars and conferences serve to gather, inform, and inspire action.

Basis of Accounting and Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

The Organization 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. The unrestricted and temporarily restricted are discussed later in note #6. The Center had no permanently restricted resources in the reported year.

Contributions

The Organization accounts for contributions received as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Equivalents

For the purpose of these financial statements, cash and cash equivalents are defined as cash balances in money market accounts and highly liquid investments with a maturity of three months or less.

ALAN S. GLACKMAN, C.P.A., P.C.
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See Accountants' Report.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2013****NOTE #1 - (Continued)****Donated Assets**

Donated marketable securities and other non-cash donations of material or equipment are recorded as contributions at their estimated fair values at the date of the donation.

Subsequent Events

Management has evaluated subsequent events through January 6, 2014, the date which the financial statements were available to be issued.

In Kind Support

The Organization records various types of in kind support including professional services, advertising and materials. Contributed professional services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in kind support are offset by like amounts included as an increase to property and equipment.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Center uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior experience and management's analysis of the accounts. As of December 31, 2013 there was a conditional promise to give 230,000 Euros from the DOEN Foundation within 2014.

Property and Equipment

Depreciation of buildings and equipment is provided over the estimated useful lives of the assets using the straight-line method. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment.

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE #1 - (Continued)

Advertising

The Center expenses advertising costs as incurred. Advertising expense was \$1,425 for the year ended December 31, 2013.

Functional Allocation of Expenses

The costs of providing program and support activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated using management's estimates among the program and supporting activities benefitted.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Library Collection

The collection of books and papers in the Center's Library carry a significant value in connection with the Center's mission of educating the public about an economics that supports people and planet. However, the books and papers comprising the collection were a gift from the widow of E. F. Schumacher and others and therefore difficult to capitalize. As a result, management has chosen not to enter a value for the collection in its books. Nevertheless, in December of 2007, a professional book appraiser estimated that the replacement cost of the books was \$72,000. The collection was part of the assets spun off from the New Economics Institute, Inc. as part of the E. F. Schumacher legacy programs.

NOTE #2 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash. The Organization maintains its cash in various bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

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CERTIFIED PUBLIC ACCOUNTANT

See Accountants' Report.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2013**NOTE #3 - PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT DECEMBER 31, 2013**

Equipment	\$ 13,624
Furniture and Fixtures	17,692
Guilder House	200,000
Guilder House Improvements	20,594
Library Site Improvements	27,345
Library Building	<u>260,275</u>
 TOTAL	 \$ <u>539,530</u>
 Accumulated Depreciation:	
Equipment	\$ 13,050
Furniture and Fixtures	17,474
Guilder House	4,488
Guilder House Improvements	150
Library Site Improvements	8,874
Library Building	<u>131,469</u>
 TOTAL	 \$ <u>175,505</u>
 PROPERTY and EQUIPMENT - NET	 \$ <u><u>364,025</u></u>

Depreciation expense was \$14,549 for the year ended December 31, 2013.

NOTE #4 - LEASE COMMITMENTS

The Center has a renewable ninety-nine year lease for the land where its building is located in South Egremont, Massachusetts. Monthly lease payments are based on actual costs for insurance and property taxes on the land and library and are determined annually. The lease is cancelable by the lessee upon ninety days written notice. Lease payments in 2013 totaled \$3,833 and are included in Grounds, Walk and Signage in the accompanying Statement of Functional Expenses.

Effected November 4, 2013 the Center entered into a vehicle lease agreement for forty-two months with a lease payment of \$335.09 payable monthly.

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CERTIFIED PUBLIC ACCOUNTANT

See Accountants' Report.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2013**NOTE #5 - NOTE PAYABLE CONSISTED OF THE FOLLOWING AT DECEMBER 31, 2013:**

Gordon Thorne - \$200,000 time fixed note, due April 25, 2016. \$5,000 quarterly payments of principal and interest at 3.5% commencing July 25, 2013. This mortgage is collateralized by real estate located at 9 Guilder Hollow Road, South Egremont, MA.	\$ 193,471
Amount due within one year	<u>(13,403)</u>
Amount due after one year	<u>\$ 180,068</u>

NOTE #6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2013:

Purpose Restriction:	
Agrarian Trust	\$ 36,324
Community Land Trust	3,000
Local Currency Project	<u>120,589</u>
Total	<u>\$ 153,620</u>

During 2013 the DOEN Foundation contributed \$201,796 for the restricted purpose of the Local Currency Project. The remaining balance above remains after expending those funds during 2013.

NOTE #7 - NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions during the year ended December 31, 2013 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

Agrarian Trust	\$ 20,776
Commons	5,000
Community Land Trust	19,054
Fundraising	4,800
Lectures and Educational Events	16,700
Library Building and Grounds	3,024
Local Currency Project, Berkshares Program	105,234
Publications Program	<u>5,200</u>
TOTAL	<u>\$ 179,788</u>

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See Accountants' Report.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE #8 - RELATED PARTY TRANSACTIONS

The Center received contributions totaling \$63,700 or 11.0% of total contributions from members of its board of directors during the year ended December 31, 2013. The Center has a note payable to a board member with a balance due as at December 31, 2013 of \$193,471 and it carries a 3 1/2% rate of interest (see Note #5).

NOTE #9 - SUBSEQUENT EVENTS

As at December 31, 2013 there were no subsequent events to report.

ALAN S. GLACKMAN, C.P.A., P.C.
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See Accountants' Report.