

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2014

**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, 2014**

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## INDEPENDENT AUDITOR'S REPORT

February 3, 2015

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, 2014, 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**

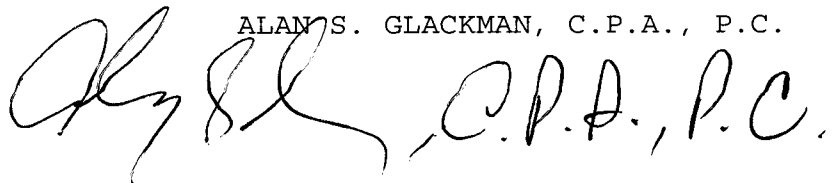
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, 2014, 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.



**SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**

	<u>2014</u>	<u>COMPARATIVE 2013</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 218,163	\$ 200,540
Inventories	24,198	24,198
TOTAL CURRENT ASSETS	<u>242,361</u>	<u>224,738</u>
<u>PROPERTY AND EQUIPMENT</u>		
Property and Equipment	536,737	539,530
Accumulated Depreciation	<u>(186,759)</u>	<u>(175,505)</u>
NET BOOK VALUE	<u>349,978</u>	<u>364,025</u>
<u>TOTAL ASSETS</u>	<u>\$ 592,339</u>	<u>\$ 588,763</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current Portion of Long-Term Debt	\$ --	\$ 13,403
Interest Payable	--	1,243
TOTAL CURRENT LIABILITIES	<u>--</u>	<u>14,646</u>
<u>LONG-TERM LIABILITIES</u>		
Long-Term Debt	--	193,471
Less : Current Portion	<u>--</u>	<u>(13,403)</u>
TOTAL LONG-TERM LIABILITIES	<u>--</u>	<u>180,068</u>
TOTAL LIABILITIES	<u>--</u>	<u>194,714</u>
<u>NET ASSETS (EXHIBIT "B")</u>		
Unrestricted	426,675	234,136
Temporarily Restricted	<u>165,664</u>	<u>159,913</u>
TOTAL NET ASSETS	<u>592,339</u>	<u>394,049</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 592,339</u>	<u>\$ 588,763</u>

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

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

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**SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>COMPARATIVE 2013</u>
<b><u>UNRESTRICTED REVENUES AND SUPPORT</u></b>		
Gifts, Grants and Contributions	\$ 413,503	\$ 239,066
Net Assets Spun Off from New Economics Institute, Inc.	--	180,434
Literature Sales Net of Cost	1,611	184
Speaking Fees	500	650
Seminar Registration Fees	10,234	8,058
Interest	15	9
Rent	2,200	4,600
Gain on Disposal of Assets	--	600
Expense Reimbursements - Cuba Program	15,327	
Net Assets Released From Restrictions: Satisfaction of Program Purposes	<u>233,036</u>	<u>179,788</u>
<b>TOTAL UNRESTRICTED REVENUES AND SUPPORT</b>	<b><u>676,426</u></b>	<b><u>613,389</u></b>
<b><u>EXPENSES</u></b>		
Programs	395,284	228,332
Management and General	52,819	121,499
Fundraising	<u>35,784</u>	<u>29,486</u>
<b>TOTAL EXPENSES</b>	<b><u>483,887</u></b>	<b><u>379,317</u></b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>192,539</b>	<b>234,072</b>
<b>UNRESTRICTED NET ASSETS - BEGINNING OF YEAR</b>	<b><u>234,136</u></b>	<b><u>64</u></b>
<b>UNRESTRICTED NET ASSETS - END OF YEAR</b>	<b><u><u>426,675</u></u></b>	<b><u><u>234,136</u></u></b>
<b><u>TEMPORARILY RESTRICTED NET ASSETS</u></b>		
Contributions	238,787	339,701
Net Assets Released From Restrictions: Satisfaction of Program Purposes	<u>(233,036)</u>	<u>(179,788)</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>5,751</b>	<b>159,913</b>
<b>TEMPORARILY RESTRICTED NET ASSETS - BEGINNING OF YEAR</b>	<b><u>159,913</u></b>	<b><u>--</u></b>
<b>TEMPORARILY RESTRICTED NET ASSETS - END OF YEAR</b>	<b><u><u>165,664</u></u></b>	<b><u><u>159,913</u></u></b>
<b>CHANGE IN NET ASSETS</b>	<b>198,290</b>	<b>393,985</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b><u>394,049</u></b>	<b><u>64</u></b>
<b>NET ASSETS - END OF YEAR</b>	<b><u><u>\$ 592,339</u></u></b>	<b><u><u>\$ 394,049</u></u></b>

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

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**SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.****(A NON-PROFIT ORGANIZATION)****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>COMPARATIVE 2013</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in Net Assets	\$ 198,290	\$ 393,985
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	14,047	14,549
Net Assets Spun Off from New Economics Institute, Inc.	--	(180,434)
Increase (Decrease) In:		
Interest Payable	<u>(1,243)</u>	<u>1,243</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>211,094</u>	<u>229,343</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of Guilder House	--	(200,000)
Purchase of Guilder House Improvements	--	(20,594)
Additions to Equipment and Furnishings	<u>--</u>	<u>(1,744)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>--</u>	<u>(222,338)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from Note Payable		200,000
Principal Payments on Note Payable	<u>(193,471)</u>	<u>(6,529)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>(193,471)</u>	<u>193,471</u>
<b>INCREASE IN CASH</b>	17,623	200,476
<b><u>CASH IN BANK - BEGINNING OF PERIOD</u></b>	<u>200,540</u>	<u>64</u>
<b><u>CASH IN BANK - END OF PERIOD</u></b>	<u>\$ 218,163</u>	<u>\$ 200,540</u>
<b><u>SUPPLEMENTAL DATA:</u></b>		
Interest Paid	<u>\$ 7,667</u>	<u>\$ 3,472</u>

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**SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**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 nonprofit, 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 the 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 years.

**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.

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**SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**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.

**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, 2015, 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. Conditional promises to give 50,000 Euros and 230,000 Euros from the DOEN Foundation were made as of December 31, 2014 and 2013 respectively.

**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, 2014**

**Advertising**

The Center expenses advertising costs as incurred. Advertising expense was \$2,020 and \$1,425 for the years ended December 31, 2014 and 2013 respectively.

**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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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2014NOTE #3 - PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT DECEMBER 31:

	<u>2014</u>	Comparative <u>2013</u>
Equipment	\$ 10,831	\$ 13,624
Furniture and Fixtures	17,692	17,692
Guilder House	200,000	200,000
Guilder House Improvements	20,594	20,594
Library Site Improvements	27,345	27,345
Library Building	<u>260,275</u>	<u>260,275</u>
 TOTAL	 <u>\$ 536,737</u>	 <u>\$ 539,530</u>
Accumulated Depreciation:		
Equipment	\$ 10,385	\$ 13,050
Furniture and Fixtures	17,507	17,474
Guilder House	9,616	4,488
Guilder House Improvements	665	150
Library Site Improvements	9,672	8,874
Library Building	<u>138,916</u>	<u>131,469</u>
 TOTAL	 <u>\$ 186,761</u>	 <u>\$ 175,505</u>
 PROPERTY and EQUIPMENT - NET	 <u>\$ 349,976</u>	 <u>\$ 364,025</u>

Depreciation expense was \$14,047 and \$14,549 for the years ended December 31, 2014 and 2013 respectively.

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**SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2014****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 2014 and 2013 totaled \$4,152 and \$3,833 respectively and are included in Grounds, Walk and Signage in the accompanying Statement of Functional Expenses.

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

**NOTE #5 - NOTES PAYABLE CONSISTED OF THE FOLLOWING AT DECEMBER 31:**

	<u>2014</u>	Comparative <u>2013</u>
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. This note was paid in full on December 31, 2014	\$ -0-	\$ 193,471
Amount due within one year	<u>( -0- )</u>	<u>( 13,403 )</u>
Amount due after one year	<u>\$ -0-</u>	<u>\$ 180,068</u>

**NOTE #6 - TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2014</u>	Comparative <u>2013</u>
Purpose Restriction:		
Agrarian Trust	\$ -	\$ 36,324
College Program	8,896	-
Community Land Trust	-	3,000
Local Currency Project	<u>156,768</u>	<u>120,589</u>
Total	<u>\$ 165,664</u>	<u>\$ 159,913</u>

During 2014 and 2013 the DOEN Foundation contributed \$186,787 and \$201,796 for the restricted purpose of the Local Currency Project. The remaining balances above remains after expending those funds during 2014 and 2013.

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See Accountants' Report.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2014**NOTE #7 - NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions during the year ended December 31, 2014 and 2013 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

	<u>2014</u>	<u>Comparative 2013</u>
Agrarian Trust	\$ 36,324	\$ 20,776
College Programs	11,104	-
Commons	-	5,000
Community Land Trust	35,000	19,054
Fundraising	-	4,800
Lectures and Educational Events	-	16,700
Library Building and Grounds	-	3,024
Local Currency Project, Berkshares Program	150,608	105,234
Publications Program	<u>-</u>	<u>5,200</u>
TOTAL	<u>\$ 233,036</u>	<u>\$ 179,788</u>

**NOTE #8 - RELATED PARTY TRANSACTIONS**

For the years ending December 31, 2014 and 2013 the Center received contributions totaling \$213,422 and \$63,700 respectively or 32.7% and 11.0% of total contributions from members of its board of directors. The Center had a note payable to a board member with a balance due as at December 31, 2013 of \$193,471 and it carried a 3 1/2% rate of interest (see Note #5). This note was paid in full as of December 31, 2014.

**NOTE #9 - SUBSEQUENT EVENTS**

As at December 31, 2014 there were no subsequent events to report.

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**SUPPLEMENTARY INFORMATION**

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