

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2017

**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, 2017**

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CERTIFIED PUBLIC ACCOUNTANTS

April 24, 2018

## INDEPENDENT AUDITOR'S REPORT

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, 2017, 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**

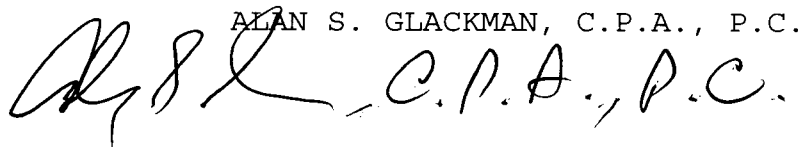
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, 2017, 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, 2017**

	<u>2017</u>	<u>COMPARATIVE 2016</u>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 184,011	\$ 131,480
Inventories	25,832	24,198
TOTAL CURRENT ASSETS	<u>209,843</u>	<u>155,678</u>
<b><u>PROPERTY AND EQUIPMENT</u></b>		
Property and Equipment	549,194	541,475
Accumulated Depreciation	<u>(235,239)</u>	<u>(218,322)</u>
NET BOOK VALUE	<u>313,955</u>	<u>323,153</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 523,798</u></b>	<b><u>\$ 478,831</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	<u>\$ 683</u>	<u>\$ 1,111</u>
<b><u>NET ASSETS (EXHIBIT "B")</u></b>		
Unrestricted	410,776	407,709
Temporarily Restricted	<u>112,339</u>	<u>70,011</u>
TOTAL NET ASSETS	<u>523,115</u>	<u>477,720</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 523,798</u></b>	<b><u>\$ 478,831</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 ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	COMPARATIVE 2016
<b><u>UNRESTRICTED REVENUES AND SUPPORT</u></b>		
Gifts, Grants and Contributions	\$ 284,928	\$ 251,196
Literature Sales Net of Cost	210	1,279
Speaking Fees	750	300
Lecture Registration Fees	11,695	24,150
Interest	1	1
Rent	500	1,700
Expense Reimbursements - Cuba Program	168	415
Net Assets Released From Restrictions:		
Satisfaction of Program Purposes	155,272	196,069
 TOTAL UNRESTRICTED REVENUES AND SUPPORT	 453,524	 475,110
 <b><u>EXPENSES</u></b>		
Programs	314,693	405,590
Management and General	102,434	77,764
Fundraising	33,330	21,676
 TOTAL EXPENSES	 450,457	 505,030
 INCREASE(DECREASE) IN UNRESTRICTED NET ASSETS	 3,067	 (29,920)
 UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	 407,709	 437,629
 UNRESTRICTED NET ASSETS - END OF YEAR	 410,776	 407,709
 <b><u>TEMPORARILY RESTRICTED NET ASSETS</u></b>		
Contributions	197,600	129,224
Net Assets Released From Restrictions:		
Satisfaction of Program Purposes	(155,272)	(196,069)
 INCREASE(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	 42,328	 (66,845)
 TEMPORARILY RESTRICTED NET ASSETS - BEGINNING OF YEAR	 70,011	 136,856
 TEMPORARILY RESTRICTED NET ASSETS - END OF YEAR	 112,339	 70,011
 CHANGE IN NET ASSETS	 45,395	 (96,765)
 NET ASSETS - BEGINNING OF YEAR	 477,720	 574,485
 NET ASSETS - END OF YEAR	 \$ 523,115	 \$ 477,720

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

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**SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>COMPARATIVE 2016</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in Net Assets	\$ 45,395	\$ (96,765)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided(Used) by Operating Activities		
Depreciation	16,917	15,191
(Increase) In:		
Inventories	(1,634)	--
Increase(Decrease) In:		
Accounts Payable	<u>(428)</u>	<u>582</u>
 NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	 <u>60,250</u>	 <u>(80,992)</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Additions to Equipment	<u>(7,719)</u>	<u>(868)</u>
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	 <u>--</u>	 <u>--</u>
 INCREASE(DECREASE) IN CASH	 52,531	 (81,860)
 <b><u>CASH IN BANK - BEGINNING OF PERIOD</u></b>	 <u>131,480</u>	 <u>213,340</u>
 <b><u>CASH IN BANK - END OF PERIOD</u></b>	 <u>\$ 184,011</u>	 <u>\$ 131,480</u>
 <b><u>SUPPLEMENTAL DATA:</u></b>		
Interest Paid	<u>\$ --</u>	<u>\$ --</u>

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**SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017****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. The Center is heir to the assets and programs of the former E. F. Schumacher Society, incorporated in 1980. These assets include a library building and its collections, a staff house, a lecture series, and decades of program development.

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, 2017****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 April 24, 2018 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.

**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, 2017****Advertising**

The Center expenses advertising costs as incurred. Advertising expense was \$3,967 and \$1,139 for the years ended December 31, 2017 and 2016 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. Since 2007 additional significant collections of books and papers have been given to the library that further increase the value of the entire collection.

**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, 2017NOTE #3 - PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT DECEMBER 31:

	<u>2017</u>	Comparative <u>2016</u>
Equipment	\$ 16,053	\$ 15,034
Furniture and Fixtures	18,227	18,227
Guilder House	200,000	200,000
Guilder House Improvements	20,594	20,594
Library Site Improvements	27,345	27,345
Library Building	260,275	260,275
Automobile	<u>6,700</u>	<u>-</u>
TOTAL	<u>\$ 549,194</u>	<u>\$ 541,475</u>
Accumulated Depreciation:		
Equipment	\$ 15,352	\$ 13,781
Furniture and Fixtures	18,015	17,575
Guilder House	25,000	20,192
Guilder House Improvements	2,210	1,695
Library Site Improvements	12,066	11,268
Library Building	161,256	153,811
Automobile	<u>1,340</u>	<u>-</u>
TOTAL	<u>\$ 235,239</u>	<u>\$ 218,322</u>
PROPERTY and EQUIPMENT - NET	<u>\$ 313,955</u>	<u>\$ 323,153</u>

Depreciation expense was \$16,917 and \$15,191 for the years ended December 31, 2017 and 2016 respectively.

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2017**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 2017 and 2016 totaled \$10,475 and \$6,993 respectively and are included under the Lease Fees and Taxes 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. In March of 2017 the Center purchased the vehicle for \$6,700 and the cost is included in Property and Equipment.

**NOTE #5 - TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2017</u>	<u>Comparative 2016</u>
Purpose Restriction:		
Civic Synergy	\$ 2,290	\$ -
Commons	102,162	-
Community Land Trust	-	15,012
Lectures & Educational Events	7,887	-
Local Currency Program	<u>-</u>	<u>54,999</u>
Total	<u>\$ 112,339</u>	<u>\$ 70,011</u>

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**SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2017****NOTE #6 - NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions during the year ended December 31, 2017 and 2016 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

	<u>2017</u>	Comparative <u>2016</u>
Civic Synergy	\$ 2,710	\$ -
College Programs	-	2,250
Commons	77,838	-
Community Land Trust	15,012	21,988
Cuba Program	-	36,162
Lectures and Educational Events	1,613	15,000
Local Currency Project, Berkshares Program	58,099	108,169
Management and General	<u>-</u>	<u>12,500</u>
 TOTAL	 <u>\$ 155,272</u>	 <u>\$ 196,069</u>

**NOTE #7 - RELATED PARTY TRANSACTIONS**

For the years ending December 31, 2017 and 2016 the Center received contributions totaling \$87,671 and \$110,125 respectively or 18.2% and 28.9% of total contributions from members of its board of directors.

**NOTE #8 - SUBSEQUENT EVENTS**

As at December 31, 2017 there were no subsequent events to report.

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**SUPPLEMENTARY INFORMATION**

