

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019

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March 1, 2020

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, 2019, 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

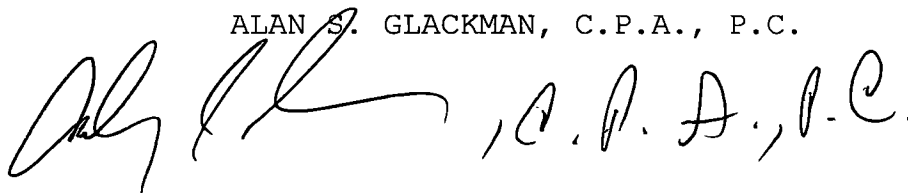
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, 2019, 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, 2019

	<u>2019</u>	<u>COMPARATIVE 2018</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 312,872	\$ 214,663
Inventories	25,332	25,832
TOTAL CURRENT ASSETS	<u>338,204</u>	<u>240,495</u>
<u>PROPERTY AND EQUIPMENT</u>		
Property and Equipment	567,216	553,603
Accumulated Depreciation	<u>(268,590)</u>	<u>(252,079)</u>
NET BOOK VALUE	<u>298,626</u>	<u>301,524</u>
<u>OTHER ASSETS</u>		
Intangible Asset - Cryptocurrency	1,000	--
Deposits on Library Construction	<u>353,429</u>	<u>--</u>
TOTAL OTHER ASSETS	<u>354,429</u>	<u>--</u>
<u>TOTAL ASSETS</u>	<u>\$ 991,259</u>	<u>\$ 542,019</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 2,237	\$ 355
Note Payable - Salisbury Bank and Trust Company	<u>200,000</u>	<u>--</u>
TOTAL CURRENT LIABILITIES	<u>202,237</u>	<u>355</u>
<u>NET ASSETS (EXHIBIT "B")</u>		
Unrestricted	657,713	392,644
Temporarily Restricted	<u>131,309</u>	<u>149,020</u>
TOTAL NET ASSETS	<u>789,022</u>	<u>541,664</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 991,259</u>	<u>\$ 542,019</u>

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

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

See Independent Auditor's Report.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>COMPARATIVE 2018</u>
<u>UNRESTRICTED REVENUES AND SUPPORT</u>		
Gifts, Grants and Contributions	\$ 552,375	\$ 290,835
Literature Sales Net of Cost	655	838
Speaking Fees	500	350
Lecture Registration Fees	3,435	5,571
Rent	1,550	1,900
Net Assets Released From Restrictions: Satisfaction of Program Purposes	<u>213,361</u>	<u>127,029</u>
 TOTAL UNRESTRICTED REVENUES AND SUPPORT	 <u>771,876</u>	 <u>426,523</u>
 <u>EXPENSES</u>		
Programs	379,683	305,070
Management and General	95,765	102,271
Fundraising	<u>31,359</u>	<u>37,314</u>
 TOTAL EXPENSES	 <u>506,807</u>	 <u>444,655</u>
 INCREASE(DECREASE) IN UNRESTRICTED NET ASSETS	 265,069	 (18,132)
 UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	 <u>392,644</u>	 <u>410,776</u>
 UNRESTRICTED NET ASSETS - END OF YEAR	 <u><u>657,713</u></u>	 <u><u>392,644</u></u>
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions	195,650	163,710
Net Assets Released From Restrictions: Satisfaction of Program Purposes	<u>(213,361)</u>	<u>(127,029)</u>
 INCREASE(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	 (17,711)	 36,681
 TEMPORARILY RESTRICTED NET ASSETS - BEGINNING OF YEAR	 <u>149,020</u>	 <u>112,339</u>
 TEMPORARILY RESTRICTED NET ASSETS - END OF YEAR	 <u><u>131,309</u></u>	 <u><u>149,020</u></u>
 CHANGE IN NET ASSETS	 247,358	 18,549
 NET ASSETS - BEGINNING OF YEAR	 <u>541,664</u>	 <u>523,115</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 789,022</u></u>	 <u><u>\$ 541,664</u></u>

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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, 2019

	<u>2019</u>	<u>COMPARATIVE 2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 247,358	\$ 18,549
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	16,510	16,840
Donation of Cryptocurrency	(1,000)	-
Decrease In:		
Inventories	500	-
Increase(Decrease) In:		
Accounts Payable	1,882	(328)
	<u>265,250</u>	<u>35,061</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Additions to Equipment	(13,612)	(4,409)
Deposits on Library Construction	(353,429)	-
	<u>(367,041)</u>	<u>(4,409)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Note Payable - Salisbury Bank and Trust Company	200,000	--
	<u>98,209</u>	<u>30,652</u>
<u>CASH IN BANK - BEGINNING OF PERIOD</u>	<u>214,663</u>	<u>184,011</u>
<u>CASH IN BANK - END OF PERIOD</u>	<u>\$ 312,872</u>	<u>\$ 214,663</u>
<u>SUPPLEMENTAL DATA:</u>		
Interest Paid	<u>\$ 1,444</u>	<u>\$ --</u>

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 (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 notes #6 & 7. 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, 2019

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 as their estimated fair value at the date of the donation.

Subsequent Events

Management has evaluated subsequent events through March 1, 2020 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 increased to property and equipment.

Promise 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 subsequently 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, 2019

Advertising

The Center expenses advertising costs as incurred. Advertising expense was \$1,369 and \$610 for the years ended December 31, 2019 and 2018 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 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 disclosure. 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 increases 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 STATEMENTS****DECEMBER 31, 2019****NOTE #3 – PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT DECEMBER 31:**

	<u>2019</u>	<u>Comparative 2018</u>
Equipment	\$ 17,871	\$ 17,871
Furniture and Fixtures	21,764	19,606
Guilder House	200,000	200,000
Guilder House Improvements	21,806	21,806
Library Site Improvements	38,800	27,345
Library Building	260,275	260,275
Automobile	<u>6,700</u>	<u>6,700</u>
TOTAL	<u>\$ 567,216</u>	<u>\$ 553,603</u>
Accumulated Depreciation:		
Equipment	\$ 16,912	\$ 16,125
Furniture and Fixtures	18,686	18,149
Guilder House	35,256	30,128
Guilder House Improvements	3,283	2,736
Library Site Improvements	13,532	12,754
Library Building	176,150	168,703
Automobile	<u>4,771</u>	<u>3,484</u>
TOTAL	<u>\$ 268,590</u>	<u>\$ 252,079</u>
PROPERTY AND EQUIPMENT – NET	<u>\$ 298,626</u>	<u>\$ 301,524</u>

Depreciation expense was \$16,510 and \$16,840 for the years ended December 31, 2019 and 2018 respectively. During the year a complete library renovation was taking place with \$353,429 having been spent by year end. The costs related to the library renovation is listed in other assets as the project was not completed during the year.

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019****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 improvements 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 2019 and 2018 totaled \$7,648 and \$6,967 respectively and are included under the Lease Fees and Taxes in the accompanying Statement of Functional Expenses.

NOTE #5 – VIRTUAL CURRENCY ASSET

On December 30, 2019 the Organization received a donation of \$1,000 in Ethereum Cryptocurrency. Because Cryptocurrency's lack physical substance they meet the definition of an intangible asset not subject to amortization, and it is shown on the balance sheet under other assets.

NOTE #6 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2019</u>	<u>Comparative 2018</u>
Purpose Restriction:		
Civic Synergy	\$ -	\$ 2,870
Commons	118,624	121,788
Lectures & Educational Events	-	3,262
Library Renovations	-	21,100
Program Development	<u>12,685</u>	<u>-</u>
Total	<u>\$ 131,309</u>	<u>\$ 149,020</u>

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019****NOTE #7 – NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions during the year ended December 31, 2019 and 2018 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

	<u>2019</u>	<u>Comparative 2018</u>
Civic Synergy	\$ 2,870	\$ 30
Commons	138,164	115,374
Lectures and Educational Events	4,462	11,625
Library Renovation	21,100	-
Local Currency Project, Berkshares	500	-
Management and General	100	-
Program Development	45,165	-
World Game	<u>1,000</u>	<u>-</u>
TOTAL	<u>\$ 213,361</u>	<u>\$ 127,029</u>

NOTE #8 – NOTE PAYABLE – SALISBURY BANK AND TRUST COMPANY

The organization has been granted a two and 1/2 year demand open line of credit totaling \$200,000 with interest payable monthly at the Wall Street Prime Rate plus ¼%. The principal, together with any unpaid interest, is due on May 25, 2021. This note is secured by the Guilder House real estate. As at December 31, 2019, \$200,000 of this credit line was borrowed.

NOTE #9 – RELATED PARTY TRANSACTIONS

For the years ended December 31, 2019 and 2018 the Center received contributions totaling \$60,762 and \$142,600 respectively or 8.1% and 31.4% of total contributions from members of its board of directors.

NOTE #10 – SUBSEQUENT EVENTS

As at December 31, 2019 there were no subsequent events to report.

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See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

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, 2013

Expenses:	PROGRAMS										Management and General	Fundraising	2013 Totals	2012 Totals	Comparative 2013 Totals	
	Building and Grounds	Community Land Trusts	Lectures & Educational Events	Publications	Local Currency Project	Library Operations	Commons	World Game	Program Development	Total Programs						
Accounting / Bookkeeping																
Advertising			1,119													
Bank / Credit Card Fees					260											
Banknotes Discount					6											
Board Expenses						100										
Books for Library		654		600												
Building Maintenance	1,208															
Conference / Event Attendance		4,525			360											
Consultant - Graphics																
Consultant - Grounds/Driveway Care	17,240															
Consultant - Maintenance	3,327															
Consultant - Other		2,000	460													
Consultant - Program																
Consultant - Web Technician																
Depreciation Expense	14,310															
Driveway Maintenance	2,288															
Equipment Repair / Rental	216															
Government Filing Fees																
Gross Salaries		23,715	420		38,480	104,400										
Grounds / Walk / Signage	358															
Honorariums																
Insurance			3,000													
Interest																
Intern Stipend	13															
Internet Hosting	2,181	458			1,281											
Lease Fees and Taxes	7,648															
Legal Fees																
Meals and Entertainment	130	391														
Memberships / Donations																
Miscellaneous	76															
Payroll Taxes		1,992	33		3,183	8,631										
Postage and Delivery		6														
Print / Copy / Photo		66	1,670			55										
Program Expenses		1	6,508		17,689	4,949	1,786									
Software / Technology																
Supplies - Office	137															
Telephone and Internet	3,632															
Travel		12,348	273		843	7,277										
Utilities	6,482															
Vehicle Expenses																
TOTAL EXPENSES	68,011	46,322	12,391	600	62,624	127,791	3,373	41,671	325,934							
Building and Grounds Allocation	(68,011)	3,641	2,952	2,952	7,081	14,163		1,180	34,821							
Overhead Administration Allocation		2,880	720	28	3,637	1,821	186	2,414	18,928							
ALLOCATED TOTAL EXPENSES		\$ 82,583	\$ 16,083	\$ 3,481	\$ 73,342	\$ 47,346	\$ 138,164	\$ 3,689	\$ 45,186	\$ 379,863	\$ 95,785	\$ 31,359	\$ 608,807	\$ 444,856		

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

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