

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020

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May 24, 2021

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, 2020, 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

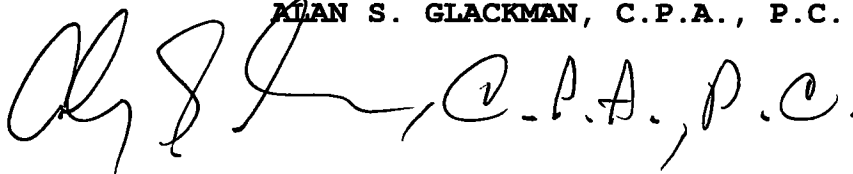
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, 2020, 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, 2020

	<u>2020</u>	<u>COMPARATIVE 2019</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 218,010	\$ 312,872
Inventories	24,825	25,332
TOTAL CURRENT ASSETS	242,835	338,204
<u>PROPERTY AND EQUIPMENT</u>		
Property and Equipment	1,053,223	567,216
Accumulated Depreciation	(299,534)	(268,590)
NET BOOK VALUE	753,689	298,626
<u>OTHER ASSETS</u>		
Intangible Asset - Cryptocurrency	1,000	1,000
Deposits on Library Construction	--	353,429
TOTAL OTHER ASSETS	1,000	354,429
<u>TOTAL ASSETS</u>	\$ 997,524	\$ 991,259
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 697	\$ 2,237
Note Payable - Salisbury Bank and Trust Company	--	200,000
TOTAL CURRENT LIABILITIES	697	202,237
<u>NET ASSETS (EXHIBIT "B")</u>		
Unrestricted	883,146	657,713
Temporarily Restricted	113,681	131,309
TOTAL NET ASSETS	996,827	789,022
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 997,524	\$ 991,259

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, 2020

	2020	COMPARATIVE 2019
<u>UNRESTRICTED REVENUES AND SUPPORT</u>		
Gifts, Grants and Contributions	\$ 509,221	\$ 552,375
Literature Sales Net of Cost	572	655
Speaking Fees	--	500
Lecture Registration Fees	--	3,435
Rent	1,800	1,550
PPP Loan Forgiven	53,947	--
Net Assets Released From Restrictions: Satisfaction of Program Purposes	304,696	213,361
 TOTAL UNRESTRICTED REVENUES AND SUPPORT	 870,236	 771,876
 <u>EXPENSES</u>		
Programs	485,632	379,683
Management and General	121,819	95,765
Fundraising	37,352	31,359
 TOTAL EXPENSES	 644,803	 506,807
 INCREASE IN UNRESTRICTED NET ASSETS	 225,433	 265,069
 UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	 657,713	 392,644
 UNRESTRICTED NET ASSETS - END OF YEAR	 883,146	 657,713
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions	287,068	195,650
Net Assets Released From Restrictions: Satisfaction of Program Purposes	(304,696)	(213,361)
 (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	 (17,628)	 (17,711)
 TEMPORARILY RESTRICTED NET ASSETS - BEGINNING OF YEAR	 131,309	 149,020
 TEMPORARILY RESTRICTED NET ASSETS - END OF YEAR	 113,681	 131,309
 CHANGE IN NET ASSETS	 207,805	 247,358
 NET ASSETS - BEGINNING OF YEAR	 789,022	 541,664
 NET ASSETS - END OF YEAR	 \$ 996,827	 \$ 789,022

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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, 2020

	<u>2020</u>	<u>COMPARATIVE 2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 207,805	\$ 247,358
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	30,945	16,510
Donation of Cryptocurrency	--	(1,000)
Decrease In:		
Inventories	507	500
Increase(Decrease) In:		
Accounts Payable	<u>(1,540)</u>	<u>1,882</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>237,717</u>	 <u>265,250</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Completion of Library Building and site Improvements	(466,782)	--
Additions to Equipment and Furnishings	(19,226)	(13,612)
Deposits on Library Construction	<u>353,429</u>	<u>(353,429)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(132,579)</u>	 <u>(367,041)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Note Payable - Salisbury Bank and Trust Company	<u>(200,000)</u>	<u>200,000</u>
 INCREASE(DECREASE) IN CASH	 (94,862)	 98,209
 <u>CASH IN BANK - BEGINNING OF PERIOD</u>	 <u>312,872</u>	 <u>214,663</u>
 <u>CASH IN BANK - END OF PERIOD</u>	 <u>\$ 218,010</u>	 <u>\$ 312,872</u>
 <u>SUPPLEMENTAL DATA:</u>		
Interest Paid	<u>\$ 458</u>	<u>\$ 1,444</u>

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020

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 May 22, 2021 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, 2020

Advertising

The Center expenses advertising costs as incurred. Advertising expense was \$505 and \$1,369 for the years ended December 31, 2020 and 2019 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, 2020****NOTE #3 – PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT DECEMBER 31:**

	<u>2020</u>	<u>Comparative 2019</u>
Equipment	\$ 30,576	\$ 17,871
Furniture and Fixtures	28,284	21,764
Guilder House	200,000	200,000
Guilder House Improvements	21,806	21,806
Library Site Improvements	41,380	38,800
Library Building	724,477	260,275
Automobile	<u>6,700</u>	<u>6,700</u>
TOTAL	<u>\$1,053,223</u>	<u>\$ 567,216</u>
Accumulated Depreciation:		
Equipment	\$ 19,695	\$ 16,912
Furniture and Fixtures	20,645	18,686
Guilder House	40,385	35,256
Guilder House Improvements	3,828	3,283
Library Site Improvements	15,427	13,532
Library Building	194,012	176,150
Automobile	<u>5,542</u>	<u>4,771</u>
TOTAL	<u>\$ 299,534</u>	<u>\$ 268,590</u>
PROPERTY AND EQUIPMENT – NET	<u>\$ 753,689</u>	<u>\$ 298,626</u>

Depreciation expense was \$30,945 and \$16,510 for the years ended December 31, 2020 and 2019 respectively. During 2019 a complete library renovation was taking place with \$353,429 having been spent by year end. For that year costs related to the library renovation is listed in other assets as the project was not completed during the year. The project was completed in February 2020.

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020****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 2020 and 2019 totaled \$7,991 and \$7,648 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>2020</u>	<u>Comparative 2019</u>
Purpose Restriction:		
Commons	\$ 85,280	\$ 118,624
Program Development	<u>28,401</u>	<u>12,685</u>
Total	<u>\$ 113,681</u>	<u>\$ 131,309</u>

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020****NOTE #7 – NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions during the year ended December 31, 2020 and 2019 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

	<u>2020</u>	<u>Comparative 2019</u>
Civic Synergy	\$ -	\$ 2,870
Commons	168,344	138,164
Community Land Trust	15,000	-
Lectures and Educational Events	-	4,462
Library Renovation	-	21,100
Local Currency Project, Berkshares	-	500
Management and General	-	100
Program Development	104,544	45,165
Seminars	16,808	-
World Game	<u>-</u>	<u>1,000</u>
TOTAL	<u>\$ 304,696</u>	<u>\$ 213,361</u>

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

During 2019 the organization was 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 Guild House real estate. As at December 31, 2020, the credit line was paid in full.

NOTE #9 – RELATED PARTY TRANSACTIONS

For the years ended December 31, 2020 and 2019 the Center received contributions totaling \$11,025 and \$60,762 respectively or 1.4% and 8.1% of total contributions from members of its board of directors.

NOTE #10 – SUBSEQUENT EVENTS

As at December 31, 2020 there were no subsequent events to report.

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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, 2020

Table with columns: Expense, Building and Grounds, Community Land Trusts, Lectures & Educational Events, Publications, Local Currency Project, Library Operations, Commons, Seminars, Program Development, Total Programs, Management and General, Fundraising, 2020 Totals, Comparative 2019 Totals. Rows include Accounting/Bookkeeping, Advertising, Bank/Credit Card Fees, etc.

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

See Independent Auditor's Report.

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