

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021

CONTENTS

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS:

Statement of Financial Position

Statement of Activities

Statement of Cash Flows

Notes to Financial Statements

Exhibit "A"

Exhibit "B"

Exhibit "C"

SUPPLEMENTARY INFORMATION:

Statement of Functional Expenses

Exhibit "D"

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June 15, 2022

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Schumacher Center for a New Economics, Inc. (a non-profit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended and the related notes to the financial statements.

In my opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of Schumacher Center for a New Economics, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Schumacher Center for a New Economics, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Schumacher Center for a New Economics, Inc. ability to continue as a going concern for one year beyond the date the financial statements are available for issuance.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my

opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

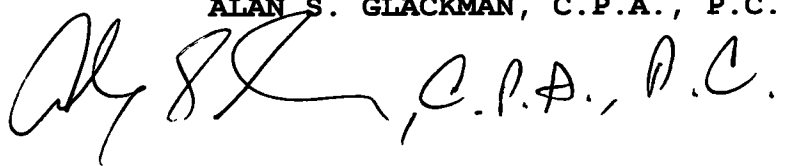
Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Schumacher Center for a New Economics, Inc. internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Schumacher Center for a New Economics, Inc. ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

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

A handwritten signature in black ink, appearing to read 'Alan S. Glackman', followed by the printed text 'C.P.A., P.C.' to its right.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	<u>2021</u>	<u>COMPARATIVE 2020</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 177,119	\$ 218,010
Inventories	<u>22,342</u>	<u>24,825</u>
TOTAL CURRENT ASSETS	<u>199,461</u>	<u>242,835</u>
<u>PROPERTY AND EQUIPMENT</u>		
Property and Equipment	1,103,866	1,053,223
Accumulated Depreciation	<u>(334,448)</u>	<u>(299,534)</u>
NET BOOK VALUE	<u>769,418</u>	<u>753,689</u>
<u>OTHER ASSETS</u>		
Intangible Asset - Cryptocurrency	<u>22</u>	<u>1,000</u>
<u>TOTAL ASSETS</u>	<u>\$ 968,901</u>	<u>\$ 997,524</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	<u>\$ 1,127</u>	<u>\$ 697</u>
<u>NET ASSETS (EXHIBIT "B")</u>		
Unrestricted	899,174	883,146
Temporarily Restricted	<u>68,600</u>	<u>113,681</u>
TOTAL NET ASSETS	<u>967,774</u>	<u>996,827</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 968,901</u>	<u>\$ 997,524</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, 2021

	<u>2021</u>	<u>COMPARATIVE 2020</u>
<u>UNRESTRICTED REVENUES AND SUPPORT</u>		
Gifts, Grants and Contributions	\$ 223,329	\$ 509,221
Literature Sales Net of Cost	1,956	572
Speaking Fees	125	--
Reduction in Value of CriptoCurrency	(978)	--
Rent	1,800	1,800
PPP Loan Forgiven	65,954	53,947
Gain on Sale of Equipment	418	--
Net Assets Released From Restrictions: Satisfaction of Program Purposes	<u>370,731</u>	<u>304,696</u>
 TOTAL UNRESTRICTED REVENUES AND SUPPORT	 <u>663,335</u>	 <u>870,236</u>
 <u>EXPENSES</u>		
Programs	490,304	485,632
Management and General	123,796	121,819
Fundraising	<u>33,207</u>	<u>37,352</u>
 TOTAL EXPENSES	 <u>647,307</u>	 <u>644,803</u>
 INCREASE IN UNRESTRICTED NET ASSETS	 16,028	 225,433
 UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	 <u>883,146</u>	 <u>657,713</u>
 UNRESTRICTED NET ASSETS - END OF YEAR	 <u>899,174</u>	 <u>883,146</u>
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions	325,650	287,068
Net Assets Released From Restrictions: Satisfaction of Program Purposes	<u>(370,731)</u>	<u>(304,696)</u>
 (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	 (45,081)	 (17,628)
 TEMPORARILY RESTRICTED NET ASSETS - BEGINNING OF YEAR	 <u>113,681</u>	 <u>131,309</u>
 TEMPORARILY RESTRICTED NET ASSETS - END OF YEAR	 <u>68,600</u>	 <u>113,681</u>
 CHANGE IN NET ASSETS	 (29,053)	 207,805
 NET ASSETS - BEGINNING OF YEAR	 <u>996,827</u>	 <u>789,022</u>
 NET ASSETS - END OF YEAR	 <u>\$ 967,774</u>	 <u>\$ 996,827</u>

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, 2021**

	<u>2021</u>	<u>COMPARATIVE 2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ (29,053)	\$ 207,805
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	36,423	30,945
Decrease in value of CryptoCurrency	978	---
Book Value of Equipment Sold	310	---
Decrease In:		
Inventories	2,483	507
Increase(Decrease) In:		
Accounts Payable	430	(1,540)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>11,571</u>	<u>237,717</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Completion of Library Building and Site Improvements	(15,088)	(466,782)
Additions to Equipment and Furnishings	(12,571)	(19,226)
Guilder House Improvements	(24,803)	
Deposits on Library Construction	---	353,429
NET CASH USED BY INVESTING ACTIVITIES	<u>(52,462)</u>	<u>(132,579)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Note Payable - Salisbury Bank and Trust Company	---	(200,000)
(DECREASE) IN CASH	(40,891)	(94,862)
<u>CASH IN BANK - BEGINNING OF PERIOD</u>	<u>218,010</u>	<u>312,872</u>
<u>CASH IN BANK - END OF PERIOD</u>	<u>\$ 177,119</u>	<u>\$ 218,010</u>
<u>SUPPLEMENTAL DATA:</u>		
Interest Paid	<u>\$ ---</u>	<u>\$ 458</u>

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

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, community land trusts, workforce housing, local currency issue, and community-supported industry. A research library stewards the historic roots of new economic thinking; 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, 2021

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 June 15, 2022 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, 2021

Advertising

The Center expenses advertising costs as incurred. Advertising expense was \$-0- and \$505 for the years ended December 31, 2021 and 2020 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, 2021****NOTE #3 – PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT
DECEMBER 31:**

	<u>2021</u>	<u>Comparative 2020</u>
Equipment	\$ 30,085	\$ 30,576
Furniture and Fixtures	39,527	28,284
Guilder House	200,000	200,000
Guilder House Improvements	46,609	21,806
Library Site Improvements	41,380	41,380
Library Building	739,565	724,477
Automobile	<u>6,700</u>	<u>6,700</u>
TOTAL	<u>\$1,103,866</u>	<u>\$1,053,223</u>
Accumulated Depreciation:		
Equipment	\$ 22,308	\$ 19,695
Furniture and Fixtures	24,517	20,645
Guilder House	45,513	40,385
Guilder House Improvements	4,771	3,828
Library Site Improvements	17,325	15,427
Library Building	213,700	194,012
Automobile	<u>6,314</u>	<u>5,542</u>
TOTAL	<u>\$ 334,448</u>	<u>\$ 299,534</u>
PROPERTY AND EQUIPMENT – NET	<u>\$ 769,418</u>	<u>\$ 753,689</u>

Depreciation expense was \$36,423 and \$30,945 for the years ended December 31, 2021 and 2020 respectively. During 2019 a complete library renovation took place. The project was completed in February 2020.

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021****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 2021 and 2020 totaled \$8,345 and \$7,991 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>2021</u>	<u>Comparative 2020</u>
Purpose Restriction:		
Commons	\$ 50,723	\$ 85,280
Local Currency Project	17,877	--
Program Development	<u>--</u>	<u>28,401</u>
Total	<u>\$ 68,600</u>	<u>\$ 113,681</u>

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021****NOTE #7 – NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions during the year ended December 31, 2021 and 2020 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

	<u>2021</u>	<u>Comparative 2020</u>
Commons	\$ 174,057	168,344
Community Land Trust	10,000	15,000
Lectures and Educational Events	3,000	-
Local Currency Project, Berkshares	93,123	-
Program Development	63,551	104,544
Seminars	-	16,808
World Game	<u>27,000</u>	<u>-</u>
TOTAL	<u>\$ 370,731</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 Guilder 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, 2021 and 2020 the Center received contributions totaling \$18,350 and \$11,025 respectively or 3.3% and 1.4% of total contributions from members of its board of directors.

NOTE #10 – SUBSEQUENT EVENTS

As of December 31, 2021 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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