

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.

(A NON-PROFIT ORGANIZATIION)

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022

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Alan S. Glackman, C.P.A., P.A.

CERTIFIED PUBLIC ACCOUNTANT
38 Mahaiwe Street, Suite 5
Great Barrington, MA 01320

TELEPHONE (413) 528-6804
FAX (888) 399-1833

ALAN S. GLACKMAN, CPA
Licensed in Florida and Massachusetts

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MASSACHUSETTS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

January 20, 2023

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, 2022, 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, 2022, 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 'A. S. Glackman', followed by the printed text 'C.P.A., P.C.'.

SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	<u>2022</u>	<u>COMPARATIVE 2021</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 126,005	\$ 177,119
Inventories	<u>19,725</u>	<u>22,342</u>
TOTAL CURRENT ASSETS	<u>145,730</u>	<u>199,461</u>
<u>PROPERTY AND EQUIPMENT</u>		
Property and Equipment	1,121,924	1,103,866
Accumulated Depreciation	<u>(356,353)</u>	<u>(334,448)</u>
NET BOOK VALUE	<u>765,571</u>	<u>769,418</u>
<u>OTHER ASSETS</u>		
Intangible Asset - Cryptocurrency	<u>933</u>	<u>22</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 912,234</u></u>	<u><u>\$ 968,901</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	<u>\$ 4,021</u>	<u>\$ 1,127</u>
<u>NET ASSETS</u> (EXHIBIT "B")		
Unrestricted	857,372	899,174
Temporarily Restricted	<u>50,841</u>	<u>68,600</u>
TOTAL NET ASSETS	<u>908,213</u>	<u>967,774</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u><u>\$ 912,234</u></u>	<u><u>\$ 968,901</u></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, 2022

	<u>2022</u>	<u>COMPARATIVE 2021</u>
<u>UNRESTRICTED REVENUES AND SUPPORT</u>		
Gifts, Grants and Contributions	\$ 490,962	\$ 223,329
Literature Sales Net of Cost	5,929	1,956
Speaking Fees	1,500	125
Increase in Value of CriptoCurrency	911	(978)
Rent	1,800	1,800
PPP Loan Forgiven	---	65,954
Gain on Sale of Equipment	---	418
Net Assets Released From Restrictions: Satisfaction of Program Purposes	<u>190,259</u>	<u>370,731</u>
 TOTAL UNRESTRICTED REVENUES AND SUPPORT	 <u>691,361</u>	 <u>663,335</u>
 <u>EXPENSES</u>		
Programs	526,404	490,304
Management and General	154,424	123,796
Fundraising	<u>52,335</u>	<u>33,207</u>
 TOTAL EXPENSES	 <u>733,163</u>	 <u>647,307</u>
 INCREASE IN UNRESTRICTED NET ASSETS	 (41,802)	 16,028
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>899,174</u>	<u>883,146</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u><u>857,372</u></u>	<u><u>899,174</u></u>
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions	172,500	325,650
Net Assets Released From Restrictions: Satisfaction of Program Purposes	<u>(190,259)</u>	<u>(370,731)</u>
 (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	 (17,759)	 (45,081)
TEMPORARILY RESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>68,600</u>	<u>113,681</u>
TEMPORARILY RESTRICTED NET ASSETS - END OF YEAR	<u><u>50,841</u></u>	<u><u>68,600</u></u>
 CHANGE IN NET ASSETS	 (59,561)	 (29,053)
NET ASSETS - BEGINNING OF YEAR	<u>967,774</u>	<u>996,827</u>
NET ASSETS - END OF YEAR	<u><u>\$ 908,213</u></u>	<u><u>\$ 967,774</u></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, 2022**

	<u>2022</u>	<u>COMPARATIVE 2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ (59,561)	\$ (29,053)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	36,934	36,423
(Increase)Decrease in value of CryptoCurrency	(911)	978
Book Value of Equipment Sold	---	310
Decrease In:		
Inventories	2,617	2,483
Increase(Decrease) In:		
Accounts Payable	<u>2,894</u>	<u>430</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>(18,027)</u>	 <u>11,571</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Completion of Library Building and Site Improvements	---	(15,088)
Additions to Equipment and Furnishings	(5,120)	(12,571)
Guilder House Improvements	(18,000)	(24,803)
Purchase of Automobile	<u>(9,967)</u>	<u>---</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(33,087)</u>	 <u>(52,462)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	 <u>---</u>	 <u>---</u>
 (DECREASE) IN CASH	 (51,114)	 (40,891)
 <u>CASH IN BANK - BEGINNING OF PERIOD</u>	 <u>177,119</u>	 <u>218,010</u>
 <u>CASH IN BANK - END OF PERIOD</u>	 <u>\$ 126,005</u>	 <u>\$ 177,119</u>
 <u>SUPPLEMENTAL DATA:</u>		
Interest Paid	<u>\$ ---</u>	<u>\$ ---</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, 2022

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, 2022

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 January 20, 2023 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, 2022

Advertising

The Center expenses advertising costs as incurred. Advertising expense was \$ 1,656 and \$-0- for the years ended December 31, 2022 and 2021 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, 2022****NOTE #3 – PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT DECEMBER 31:**

	<u>2022</u>	<u>Comparative 2021</u>
Equipment	\$ 25,552	\$ 30,285
Furniture and Fixtures	40,850	39,527
Guilder House	200,000	200,000
Guilder House Improvements	64,609	46,609
Library Site Improvements	41,380	41,380
Library Building	739,565	739,565
Automobile	<u>9,968</u>	<u>6,700</u>
TOTAL	<u>\$1,121,924</u>	<u>\$1,103,866</u>
Accumulated Depreciation:		
Equipment	\$ 17,431	\$ 22,308
Furniture and Fixtures	29,124	24,517
Guilder House	50,641	45,513
Guilder House Improvements	6,126	4,771
Library Site Improvements	19,097	17,325
Library Building	233,436	213,700
Automobile	<u>498</u>	<u>6,314</u>
TOTAL	<u>\$ 356,353</u>	<u>\$ 334,448</u>
PROPERTY AND EQUIPMENT – NET	<u>\$ 765,571</u>	<u>\$ 769,418</u>

Depreciation expense was \$36,934 and \$36,423 for the years ended December 31, 2022 and 2021 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, 2022****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 2022 and 2021 totaled \$8,475 and \$8,345 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 and on February 15, 2020 the organization received a donation of \$3,000 in Holo 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>2022</u>	<u>Comparative 2021</u>
Purpose Restriction:		
Commons	\$ 50,841	\$ 50,723
Local Currency Project	<u>-</u>	<u>17,877</u>
Total	<u>\$ 50,841</u>	<u>\$ 68,600</u>

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SCHUMACHER CENTER FOR A NEW ECONOMICS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022****NOTE #7 – NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions during the year ended December 31, 2022 and 2021 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

	<u>2022</u>	<u>Comparative 2021</u>
Commons	\$ 167,382	\$ 174,057
Community Land Trust	-	10,000
Lectures and Educational Events	-	3,000
Library	5,000	-
Local Currency Project, Berkshares	17,877	93,123
Program Development	-	63,551
Seminars	<u>-</u>	<u>-</u>
 TOTAL	 <u>\$ 190,259</u>	 <u>\$ 370,731</u>

NOTE #8 – RELATED PARTY TRANSACTIONS

For the years ended December 31, 2022 and 2021 the Center received contributions totaling \$15,200 and \$18,350 respectively or 2.3% and 3.3% of total contributions from members of its board of directors.

NOTE #9 – SUBSEQUENT EVENTS

As of December 31, 2022 there were no subsequent events to report.

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SUPPLEMENTARY INFORMATION

See Independent Auditor's Report.

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