

**UNITED FOR A FAIR ECONOMY, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

# UNITED FOR A FAIR ECONOMY, INC.

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**Business Advisors  
Certified Public Accountants**

To the Board of Directors of  
United for a Fair Economy, Inc.  
Boston, Massachusetts

## **Independent Auditors' Report**

We have audited the accompanying financial statements of United for a Fair Economy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United for a Fair Economy, Inc. as of June 30, 2015, 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.

### ***Report on Summarized Comparative Information***

We have previously audited United for a Fair Economy, Inc.'s 2014 financial statements, and our report dated February 6, 2014, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Pavento, Ratcliffe, Renzi + Co. LLC*

Franklin, Massachusetts      December 15, 2015

# UNITED FOR A FAIR ECONOMY, INC.

## STATEMENT OF FINANCIAL POSITION JUNE 30, 2015 AND 2014

ASSETS	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	\$ 123,408	\$ 256,951
Investments	-	1,619
Pledges and grants receivable	3,755	43,299
Accounts receivable	16,645	2,476
Related party receivable	7,777	9,155
Prepaid expense	2,300	8,745
Publication inventory	4,998	4,120
Total current assets	158,883	326,365
FIXED ASSETS:		
Equipment	98,069	98,069
Leasehold improvements	15,883	15,883
	113,952	113,952
Less - Accumulated depreciation	113,952	104,424
Total fixed assets	-	9,528
OTHER ASSETS:		
Deposits	2,233	14,992
Total assets	\$ 161,116	\$ 350,885
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued expenses	\$ 33,407	\$ 55,731
Accrued salary and vacation compensation	39,975	111,742
Loan payable related party	-	25,000
Deferred revenue	-	475
Rent deposit	-	1,100
Total current liabilities	73,382	194,048
DEFERRED RENT	-	71,804
NET ASSETS:		
Unrestricted	62,734	40,033
Temporarily restricted	25,000	45,000
Total net assets	87,734	85,033
TOTAL LIABILITIES AND NET ASSETS	\$ 161,116	\$ 350,885

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

# UNITED FOR A FAIR ECONOMY, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Public Support and Revenue:				
Contributions	\$ 759,780	\$ -	\$ 759,780	\$ 866,436
Grants	78,500	25,000	103,500	22,000
Released from restriction	45,000	(45,000)	-	-
Program and conference fees	24,060	-	24,060	35,415
Educational materials revenue	2,371	-	2,371	2,250
In-kind contributions	53,043	-	53,043	8,553
Interest and dividends	33	-	33	19
Gains (losses) on investments	230	-	230	(97)
Total public support and other revenue	963,017	(20,000)	943,017	934,576
Expenses:				
Program	661,644	-	661,644	900,510
General and administrative	158,280	-	158,280	145,266
Fundraising	120,392	-	120,392	167,684
Total expenses	940,316	-	940,316	1,213,460
Change in net assets	22,701	(20,000)	2,701	(278,884)
			-	
Net assets, beginning of year	40,033	45,000	85,033	363,917
Net assets, end of year	<u>\$ 62,734</u>	<u>\$ 25,000</u>	<u>\$ 87,734</u>	<u>\$ 85,033</u>

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

# UNITED FOR A FAIR ECONOMY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015			2014	
	Program	General & Administrative	Fundraising	Total	Total
Salary	\$ 343,962	\$ 77,245	\$ 63,443	\$ 484,650	\$ 604,036
Payroll taxes	39,007	6,722	6,260	51,989	59,095
Benefits	82,598	10,027	13,274	105,899	191,457
Subtotal	465,567	93,994	82,977	642,538	854,588
Conference and training fees	5,036	-	477	5,513	6,836
Contributions and sponsorships	1,110	-	-	1,110	-
Depreciation	6,765	1,524	1,239	9,528	7,531
Equipment rental and maintenance	3,568	610	497	4,675	2,241
Fees	5,865	1,570	6,411	13,846	9,273
Insurance	1,358	2,411	249	4,018	4,448
Media services and advertising	18,502	80	2,350	20,932	18,138
Meetings and events	20,942	733	-	21,675	6,500
Miscellaneous	1,395	111	31	1,537	245
Occupancy	17,107	3,925	3,193	24,225	92,875
Postage and delivery	2,971	333	9,557	12,861	26,836
Printing and reproduction	9,730	1,201	1,221	12,152	20,005
Professional fees	43,665	45,725	1,085	90,475	89,769
Publications	4,442	399	6,584	11,425	13,132
Supplies	2,705	275	1,640	4,620	5,163
Telephone and internet	13,051	2,856	2,320	18,227	18,462
Travel	37,865	2,533	561	40,959	37,418
Total expenses	<u>\$ 661,644</u>	<u>\$ 158,280</u>	<u>\$ 120,392</u>	<u>\$ 940,316</u>	<u>\$ 1,213,460</u>

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

# UNITED FOR A FAIR ECONOMY, INC.

## STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 2,701	\$ (278,884)
Adjustment to reconcile change in net assets to cash provided by operating activities:		
Depreciation	9,528	7,533
(Gains) losses on investments	(230)	97
Donated investments	(70,723)	(91,342)
(Increase) decrease in operating assets:		
Pledges and grants receivable, current	39,544	352,394
Accounts receivable	(14,169)	4,979
Related party receivable	1,378	(9,155)
Prepaid expense	6,445	(8,745)
Publication inventory	(878)	332
Deposits	12,759	12,493
Increase (decrease) in operating liabilities-		
Accrued expenses	(22,324)	(8,498)
Accrued salary and vacation compensation	(71,767)	22,197
Deferred revenue	(475)	475
Rent Deposit	(1,100)	-
Deferred rent	(71,804)	11,478
	(181,115)	15,354
Net cash provided (used) by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	72,572	89,626
	72,572	89,626
Net cash provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loan	(25,000)	-
Proceeds on loan	-	25,000
	(25,000)	25,000
Net cash provided (used) by financing activities		
Increase (decrease) in cash and cash equivalents	(133,543)	129,980
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	256,951	126,971
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 123,408	\$ 256,951

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

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(1) ORGANIZATION

United for a Fair Economy, Inc. (UFE) was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on November 30, 1994. The Organization challenges the concentration of wealth and power that corrupts democracy, deepens the racial divide, and tears communities apart. UFE uses popular economics education, trainings, and creative communications to support social movements working for a resilient, sustainable and equitable economy. Resources for the Organization's activities are provided primarily by public contributions.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*(a) Basis of Accounting & Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting.

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.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein may be classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

*(b) Comparative Financial Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.



# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*(c) Allocation of Expenses*

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

*(d) Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt and equity instruments with a maturity of three months or less to be cash equivalents.

*(e) Promises to Give*

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*(f) Restricted and Unrestricted Net Assets*

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*(g) Use of Estimates*

The presentation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*(h) Property and Equipment*

Property and equipment are recorded at cost, when purchased, or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets and have costs in excess of \$10,000 are capitalized.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets, using the straight-line method.

*(i) Inventory*

Inventory consists of publications on hand for sale and distribution and is valued at the lower of cost or fair market value.

*(j) Donated Goods and Services*

Donated goods and services represent the estimated fair market value of materials and services provided. Donated services are recognized as contributions, in accordance with Generally Accepted Accounting Standards, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

At June 30, 2015 and 20143, in-kind contributions were recorded for organizational and program-related consulting services received at a fair market value of \$18,343 and \$8,551, respectively. In addition, UFE was allowed free rent for its office space for four months in fiscal year 2015 at a fair market value of \$34,700.

*(k) Advertising Costs*

Advertising costs are expensed the first time the advertising takes place.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

### (3) TAX STATUS

United for a Fair Economy, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

UFE has identified its tax status as a tax exempt entity as a tax position; however, UFE has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. Its federal and state income tax returns are generally open for examination for the past three years.

### (4) OPERATING LEASES

Office space:

The Organization terminated its lease at its Milk Street, Boston location in June of 2015 per mutual agreement with the lessor.

Prior to the lease termination agreement on its Milk Street location and in accordance with generally accepted accounting principles, rent expense had been recognized on a straight-line basis over the anticipated lease term, which included a "rent-free" period at lease inception in fiscal year 2012. This resulted in annual adjustments to rent expense to equate the payment period of December 1, 2012 through November 30, 2022 to the occupancy period of June 1, 2012 through November 30, 2022. As a result, annual straight-line rent expense was recorded as \$104,122 with the difference between accrual and cash held as deferred rent liability on the balance sheet. When the lease was terminated, the balance of \$80,412 in deferred rent liability was re-categorized to rent expense, effectively reducing annual rent expense for fiscal year 2015 by that amount. In addition, the lessor allowed UFE to occupy the premises for four months, from March 1, 2015 through June 30, 2015, rent-free. Rent for this period has been recorded as an in-kind contribution valued at \$34,700.

Rent expense for office space, net of sublease payments (see Note 5) totaled \$14,026 for the fiscal year ending June 30, 2015 and \$83,864 for the fiscal year ending June 30, 2014.

In June of 2015, UFE entered into a new lease for office space with an occupancy date of July 1, 2015. The lease has a stated term of 60 months beginning July 1, 2015. Minimum monthly payments on the lease are \$2,183 for the first 36 months of the lease term. Annual increases thereafter are to be based on annual increases in the Department of Labor Consumer Price Index.

Future minimum payments are as follows:

Fiscal Year 2016	\$ 26,196
Fiscal Year 2017	26,196
Fiscal Year 2018	26,196
Fiscal Year 2019	26,196
Fiscal Year 2020	<u>26,196</u>
Total	<u>\$130,980</u>

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(4) OPERATING LEASES (Continued)

Equipment:

The Organization leases its copy machine and phone equipment under long-term operating leases. Rent expense for these leases totaled approximately \$17,900 and \$16,000 for the years ended June 30, 2015 and 2014, respectively.

Future minimum rent payments for equipment leases are as follows:

Fiscal Year 16	\$ 16,100
Fiscal Year 17	\$ 14,800

(5) SUBLEASE

In June 2012, UFE entered into a five-year sublease agreement with another Organization to sublease office space at its Milk Street, Boston location. The lease was terminated as of June 30, 2015.

In July 2012, UFE entered into a five-year sublease agreement with another Organization to sublease office space at its new location. A board member of UFE is the executive director of this Organization. The lease was terminated as of June 30, 2015.

Payments charged under these agreements (and netted against rent expense) totaled \$15,396 and \$20,258 for the years ended June 30, 2015 and 2014, respectively.

(6) CONCENTRATIONS

Cash:

The Organization maintains cash balances at several highly rated financial institutions. Balances in these accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes there is no significant risk with respect to these accounts.

Contribution and grant revenue:

Six donors were responsible for 35% of total contribution and grant revenue for fiscal year ending June 30, 2015.

Four donors were responsible for 31% of total contribution and grant revenue for fiscal year ending June 30, 2014.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(7) PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at June 30, 2015 and 2014 consist of unconditional promises to give expected to be collected within one year.

Pledges and grants receivable are considered low risk because a significant portion represents commitments from either large, well-established foundations or individual donors with a long-term relationship with the Organization. Therefore, no allowance for uncollectible amounts is deemed necessary.

(8) RELATED PARTY RECEIVABLE

Related party receivable is the result of an error by the Organization's credit card company. The credit card company recorded personal expenses made by an employee using a personal credit card on the Organization's business credit card account. The employee is repaying the Organization following an agreed-upon schedule. The balance outstanding as of June 30, 2015 and 2014 is \$7,406 and \$9,155, respectively.

(9) INVESTMENTS

The Organization maintains an investment account in order to transact stock donations. Shares are converted to cash as soon as feasible after the transfer date. Stock contributions are valued at quoted market prices as of the date of transfer as follows.

	2015		2014	
	Cost	FMV	Cost	FMV
Publicly Traded Stock	\$ -0-	\$ -0-	\$1,619	\$ 1,619

Investment return consists of the following: (Gains and losses include amounts recognized on stock donations, which are converted to cash as soon as feasible after the transfer date.)

	2015	2014
Interest and dividends on investments	\$ 33	\$ 19
Net realized gain (loss)	<u>230</u>	<u>(97)</u>
Total investment return	<u>\$ 263</u>	<u>\$ (78)</u>

(10) LOAN PAYABLE RELATED PARTY

A member of the board of directors loaned \$25,000 to the Organization during fiscal year 2014 for an emergency reserve fund to be used only in the event it was necessary to cover short-term cash needs.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(10) LOAN PAYABLE RELATED PARTY (Continued)

The loan principal was never utilized. Terms of the loan are either repayment in full on January 15, 2015 or rollover into a new 12-month note, at the option of the lender. The note bears interest at the simple rate of .3 percent per annum. The loan was repaid in full during fiscal year 2015.

(11) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted assets consist of the following:

	2015	2014
Pledges received from individuals for use in the subsequent fiscal year	\$ -0-	\$25,000
Foundation grants for use in the subsequent fiscal year	<u>25,000</u>	<u>20,000</u>
Total	<u>\$25,000</u>	<u>\$45,000</u>

(12) EMPLOYEE BENEFIT PLAN

The Organization established a qualified 401(k) plan during fiscal year 2013. All employees are eligible to contribute a portion of their eligible compensation to the plan in accordance with plan provisions.

United for a Fair Economy, Inc.'s discretionary contributions to the plan were \$8,625 and \$15,112 for the fiscal years ended June 30, 2015 and 2014, respectively.

(13) FINANCIAL CONDITION

In fiscal year 2014, overall new grant revenue decreased by \$469,000 due to the conclusion of several major, multi-year individual and foundation grants. This resulted in a decrease in net assets of approximately \$279,000 for the fiscal year ending June 30, 2014.

In fiscal year 2015, in response to the decrease in new revenue from the prior year, the Organization actively worked on strengthening relationships with foundation funders to secure new program grants and, on the individual donor side, engaged an award-winning direct marketing firm to design and implement a national donor acquisition program. In addition, the Organization instituted cost-cutting initiatives which included a reduction in staff levels and a move to smaller office space with shared function areas. This resulted in a decrease in total expenses of \$273,000 and an overall net surplus for the year of \$2,700.

(14) SUBSEQUENT EVENTS

The Organization evaluated subsequent events through December 15, 2015, which is the date the financial statements were available to be issued.