

UNITED FOR A FAIR ECONOMY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

UNITED FOR A FAIR ECONOMY, INC.

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*ELAINE RENZI,
CPA, LLC*

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

Independent Auditor's Report

I 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, 2018, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the 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 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, 2018, 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

I have previously audited United for a Fair Economy, Inc.'s 2017 financial statements and I expressed an unmodified audit opinion on those audited financial statements in my report dated June 5, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Elaine Renzi, CPA, LLC

June 27, 2019

UNITED FOR A FAIR ECONOMY, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2018 AND 2017

ASSETS	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	\$ 90,152	\$ 115,975
Investments	-	-
Pledges and grants receivable	269,214	64,905
Donations receivable	10,075	-
Accounts receivable	1,528	8,604
Related party receivable	-	2,533
Prepaid expense	-	1,000
Publication inventory	2,984	2,984
Total current assets	373,953	196,001
FIXED ASSETS:		
Equipment	98,069	98,069
Leasehold improvements	15,883	15,883
	113,952	113,952
Less - Accumulated depreciation	113,952	113,952
Total fixed assets	-	-
OTHER ASSETS:		
Deposits	2,778	2,183
Total other assets	2,778	2,183
Total assets	\$ 376,731	\$ 198,184
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expense	\$ 30,930	\$ 70,349
Accrued salary and vacation compensation	46,690	50,275
Total current liabilities	77,620	120,624
NET ASSETS:		
Unrestricted	297,911	12,454
Temporarily restricted	1,200	65,106
Total net assets	299,111	77,560
TOTAL LIABILITIES AND NET ASSETS	\$ 376,731	\$ 198,184

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, 2018 WITH COMPARATIVE TOTALS FOR 2017

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
Public Support and Revenue:				
Contributions	\$ 1,034,193	\$ -	\$ 1,034,193	\$ 652,703
Grants	71,289	1,200	72,489	128,500
Released from restriction	65,106	(65,106)	-	-
Program and conference fees	23,695	-	23,695	18,405
Educational materials revenue	1,783	-	1,783	467
In-kind contributions	26,854	-	26,854	8,847
Interest and dividends	4	-	4	16
Gains (losses) on investments	(82)	-	(82)	(795)
Total public support and other revenue	1,222,842	(63,906)	1,158,936	808,143
Expenses:				
Program	690,606	-	690,606	745,877
General and administrative	142,036	-	142,036	118,139
Fundraising	104,743	-	104,743	110,310
Total expenses	937,385	-	937,385	974,326
Change in net assets	285,457	(63,906)	221,551	(166,183)
Net assets, beginning of year	12,454	65,106	77,560	243,743
Net assets, end of year	\$ 297,911	\$ 1,200	\$ 299,111	\$ 77,560

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, 2018 WITH COMPARATIVE TOTALS FOR 2017

	2018			2017	
	Program	General & Administrative	Fundraising	Total	Total
Salary	\$ 370,775	\$ 53,849	\$ 60,463	\$ 485,087	\$ 500,833
Payroll taxes	36,386	5,837	7,841	50,064	53,223
Benefits	108,296	25,812	16,507	150,615	160,413
Subtotal	515,457	85,498	84,811	685,766	714,469
Conference and training fees	3,243	-	-	3,243	6,673
Contributions and sponsorships	251	-	-	251	211
Depreciation	-	-	-	-	-
Equipment rental and maintenance	10,698	479	533	11,710	21,632
Fees	4,412	6,938	3,372	14,722	18,003
Grants to others	7,500	-	-	7,500	-
Insurance	1,847	2,322	237	4,406	4,163
Mail and delivery	899	235	6,200	7,334	9,369
Media services and advertising	1,027	-	-	1,027	582
Meetings and events	32,215	1,524	42	33,781	18,553
Miscellaneous	1,334	328	-	1,662	908
Occupancy	23,926	2,903	3,144	29,973	30,616
Printing and reproduction	6,736	806	879	8,421	13,979
Professional fees	41,582	37,367	4,241	83,190	63,058
Publications	2,592	88	335	3,015	3,520
Supplies	1,006	47	68	1,121	4,048
Telephone and internet	8,496	651	710	9,857	9,903
Travel	27,385	2,850	171	30,406	54,639
Total expenses	\$ 690,606	\$ 142,036	\$ 104,743	\$ 937,385	\$ 974,326

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, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 221,551	\$ (166,183)
Adjustment to reconcile change in net assets to cash provided by operating activities:		
Depreciation	-	-
(Gains) losses on investments	82	793
Donated investments	(131,398)	(94,048)
(Increase) decrease in operating assets:		
Pledges and grants receivable	(204,309)	69,481
Donations receivable	(10,075)	-
Accounts receivable	7,076	(7,094)
Related party receivable	2,533	(2,533)
Prepaid expense	1,000	733
Publication inventory	-	389
Deposits	(595)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expense	(39,419)	52,639
Accrued salary and vacation compensation	(3,585)	4,144
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	(157,139)	(141,679)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	131,316	93,255
	<u> </u>	<u> </u>
Net cash provided by investing activities	131,316	93,255
CASH FLOWS FROM FINANCING ACTIVITIES:	-	-
	<u> </u>	<u> </u>
Net cash provided (used) by financing activities	-	-
Increase (decrease) in cash and cash equivalents	(25,823)	(48,424)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	115,975	164,399
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 90,152</u>	<u>\$ 115,975</u>

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

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(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.

UFE operates its main office in Boston and has a field office in Durham, North Carolina.

(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.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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, 2017, from which the summarized information was derived.

(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.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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, 2018 and 2017, in-kind contributions were recorded for organizational and program-related consulting services received at a fair market value of \$25,920 and \$8,847, respectively. In-kind contributions for food and beverages received for events totaled \$934 for fiscal year ending June 30, 2018.

(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, 2018

(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 year

(4) OPERATING LEASES

Office space:

UFE leases office space in Boston. The lease termination date is August 31, 2018. There are no renewal options. Minimum monthly payments on the lease are \$2,183 for the lease term.

Future minimum payments are as follows:

Fiscal Year 2019	\$ 4,366
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Field office space:

The Organization has a year-to-year lease for field office space in Durham, North Carolina. This office space is shared with other nonprofits with similar charitable purposes who also share in the rent expense.

Rent expense for office space totaled \$29,972 for the fiscal year ending June 30, 2018 and \$30,617 for the fiscal year ending June 30, 2017 as follows:

	2018	2017
Boston office space	\$26,217	\$26,196
NC field office space	\$3,755	\$4,421

Equipment:

The Organization leases its copy machine and phone equipment under long-term operating leases.

Rent expense for these leases totaled approximately \$9,480 and \$11,340 for the years ended June 30, 2018 and 2017, respectively.

Future minimum rent payments for equipment leases are as follows:

FYE	Amounts
6/30/19	\$ 8,910
6/30/20	8,270
6/30/21	8,230
6/30/22	5,200
	<u>\$30,610</u>

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(5) 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:

Two donors were responsible for 28% and 15%, respectively, of total contribution and grant revenue for fiscal years ending June 30, 2018 and 2017.

Pledges and grants receivable:

One donor was responsible for 89% of total pledges and grants receivable as of June 30, 2018.

Two donors were responsible for 100% of total pledges and grants receivable as of June 30, 2017.

(6) PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at June 30, 2018 and 2017 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.

(7) 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.

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.)

	2018	2017
Interest and dividends on investments	\$ -	\$ 16
Net realized gain (loss)	<u>(82)</u>	<u>(795)</u>
Total investment gain (loss)	<u>\$ (82)</u>	<u>\$ (779)</u>

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(8) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted assets consist of the following:

	2018	2017
Pledges received from individuals for use in subsequent fiscal years	\$ -	\$35,106
Foundation grants for use in subsequent fiscal years	<u>1,200</u>	<u>30,000</u>
Total	<u>\$1,200</u>	<u>\$65,106</u>

(9) EMPLOYEE BENEFIT PLAN

The Organization sponsors a 401(k) plan. All employees, with one year of service, are eligible to contribute a portion of their eligible compensation to the plan in accordance with plan provisions. The employer contributes 2% of each eligible employee's compensation.

United for a Fair Economy, Inc.'s contributions to the plan were \$11,484 and \$8,763 for the fiscal years ended June 30, 2018 and 2017, respectively.

(10) FINANCIAL CONDITION

As shown in the accompanying financial statements, the Organization had an increase in support and revenue of approximately \$350,000 for fiscal year 2018 compared to fiscal year 2017, accompanied by a decrease in expenses of \$50,000, resulting in an increase in net assets of \$234,400 for the fiscal year ending June 30, 2018. The increase in support and revenue for fiscal year 2018 was primarily due to bequests. These factors have provided the Organization a measure of financial stability for the short-term.

Preliminary, unaudited financial reports for fiscal year 2019 indicate that although overall revenue decreased by approximately 30% from fiscal year 2018 (primarily because fiscal year 2018 revenue included a one-time pledged bequest of \$249,000), fiscal year 2019 expenses decreased by approximately 15%, resulting in an increase in net assets for fiscal year 2019.

(11) SUBSEQUENT EVENTS

The Organization evaluated subsequent events through June 27, 2019, which is the date the financial statements were available to be issued.