

UNITED FOR A FAIR ECONOMY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019, 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, 2019, 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 2018 financial statements and I expressed an unmodified audit opinion on those audited financial statements in my report dated June 27, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Elaine Renzi, CPA, LLC

July 29, 2020

UNITED FOR A FAIR ECONOMY, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 379,472	\$ 90,152
Investments	-	-
Pledges and grants receivable	191,000	269,214
Donations receivable	24,043	10,075
Accounts receivable	16,983	1,528
Prepaid expense	8,950	-
Publication inventory	1,944	2,984
Total current assets	622,392	373,953
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	2,778
Total other assets	2,778	2,778
Total assets	<u>\$ 625,170</u>	<u>\$ 376,731</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expense	\$ 64,327	\$ 30,930
Accrued salary and vacation compensation	55,729	46,690
Total current liabilities	120,056	77,620
NET ASSETS:		
Without donor restrictions	300,114	297,911
With donor restrictions	205,000	1,200
Total net assets	505,114	299,111
Total liabilities and net assets	<u>\$ 625,170</u>	<u>\$ 376,731</u>

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, 2019 WITH COMPARATIVE TOTALS FOR 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE:				
Contributions	\$ 749,789	\$ -	\$ 749,789	\$ 1,034,193
Grants	86,000	205,000	291,000	72,489
Released from restriction	1,200	(1,200)	-	-
Program and conference fees	33,101	-	33,101	23,695
Educational materials revenue	1,163	-	1,163	1,783
In-kind contributions	22,121	-	22,121	26,854
Interest and dividends	1,225	-	1,225	4
Gains (losses) on investments	(658)	-	(658)	(82)
	893,941	203,800	1,097,741	1,158,936
EXPENSES:				
Program	676,050	-	676,050	690,606
General and administrative	110,485	-	110,485	142,036
Fundraising	105,203	-	105,203	104,743
	891,738	-	891,738	937,385
Total expenses	891,738	-	891,738	937,385
Change in net assets	2,203	203,800	206,003	221,551
NET ASSETS, beginning of year	297,911	1,200	299,111	77,560
NET ASSETS, end of year	\$ 300,114	\$ 205,000	\$ 505,114	\$ 299,111

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, 2019 WITH COMPARATIVE TOTALS FOR 2018

	2019			2018	
	Program	General & Administrative	Fundraising	Total	Total
Salary	\$ 338,797	\$ 35,434	\$ 54,563	\$ 428,794	\$ 485,087
Payroll taxes	32,775	1,986	6,333	41,094	50,064
Benefits	98,541	9,402	15,074	123,017	150,615
Subtotal	470,113	46,822	75,970	592,905	685,766
Conference and training fees	5,068	280	494	5,842	3,243
Contributions and sponsorships	2,277	-	-	2,277	251
Depreciation	-	-	-	-	-
Equipment rental and maintenance	10,501	666	1,082	12,249	11,710
Fees	7,634	1,099	8,528	17,261	14,722
Grants to others	796	-	-	796	7,500
Insurance	1,862	2,319	244	4,425	4,406
Mail and delivery	557	252	7,526	8,335	7,334
Media services and advertising	130	-	285	415	1,027
Meetings and events	31,318	1,659	867	33,844	33,781
Miscellaneous	1,076	35	133	1,244	1,662
Occupancy	23,959	1,753	2,850	28,562	29,973
Printing and reproduction	15,212	988	1,812	18,012	8,421
Professional fees	48,981	45,760	1,825	96,566	83,190
Publications	1,713	49	179	1,941	3,015
Supplies	2,862	136	136	3,134	1,121
Telephone and internet	8,232	547	887	9,666	9,857
Travel	43,759	8,120	2,385	54,264	30,406
Total expenses	<u>\$ 676,050</u>	<u>\$ 110,485</u>	<u>\$ 105,203</u>	<u>\$ 891,738</u>	<u>\$ 937,385</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, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 206,003	\$ 221,551
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	-	-
(Gains) losses on investments	658	82
Donated investments	(156,423)	(131,398)
(Increase) decrease in operating assets:		
Pledges and grants receivable	78,214	(204,309)
Donations receivable	(13,968)	(10,075)
Accounts receivable	(15,455)	7,076
Related party receivable	-	2,533
Prepaid expense	(8,950)	1,000
Publication inventory	1,040	-
Deposits	-	(595)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expense	33,397	(39,419)
Accrued salary and vacation compensation	9,039	(3,585)
Net cash provided (used) by operating activities	133,555	(157,139)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	155,765	131,316
Net cash provided by investing activities	155,765	131,316
CASH FLOWS FROM FINANCING ACTIVITIES:	-	-
Net cash provided (used) by financing activities	-	-
Increase (decrease) in cash and cash equivalents	289,320	(25,823)
CASH AT BEGINNING OF YEAR	90,152	115,975
CASH AT END OF YEAR	\$ 379,472	\$ 90,152

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

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(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

Basis of Presentation

The Organization's financial statements are presented in conformity with U.S. generally accepted accounting principles ("US GAAP") and have been prepared on the accrual basis of accounting.

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"). The ASU amends the current reporting model for not-for-profit organizations and requires certain additional disclosures.

The significant changes include:

Requiring the presentation of two net asset classes classified as "net assets without donor restrictions" and "net assets with donor restrictions" and;

Requiring disclosure of quantitative and qualitative information on liquidity.

ASU 2016-14 is effective for the Organization's fiscal year beginning July 1, 2018 and the Organization has applied the amendments retrospectively as required by the standard. A presentation of net assets as previously reported as of June 30, 2018 and as required under ASU 2016-14 follows:

	<u>As Previously Presented</u>	<u>Presentation under ASU 2016-14</u>		
		<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Net assets:				
Unrestricted	\$297,911	\$297,911	\$ -	\$297,911
Temporarily restricted	<u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total net assets	<u>\$299,111</u>	<u>\$297,911</u>	<u>\$1,200</u>	<u>\$299,111</u>

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets Classifications

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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, 2018, from which the summarized information was derived.

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.

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.

Inventory

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

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$5,000 are capitalized.

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

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, 2019 and 2018, in-kind contributions were recorded for organizational and program-related consulting services received at a fair market value of \$17,621 and \$25,920, respectively. In-kind contributions for office rent concessions totaled \$4,500 for fiscal year ending June 30, 2019. In-kind contributions for food and beverages received for events totaled \$934 for fiscal year ending June 30, 2018.

Advertising Costs

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

Functional 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.

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.

Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the current year presentation. Such reclassifications did not change total assets, liabilities or changes in net assets as reflected in the 2018 financial statements.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

United for a Fair Economy, Inc. evaluated subsequent events through July 29, 2020, which is the date the financial statements were available to be issued.

(3) LIQUIDITY AND AVAILABILITY OF RESOURCES

United for a Fair Economy, Inc. regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. UFE manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity goal of maintaining current financial assets less current liabilities at a minimum of 90 days operating expenses.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$379,472
Pledges and grants receivable	191,000
Donations receivable	24,043
Accounts receivable	<u>16,983</u>
	<u>\$611,498</u>

As part of UFE's liquidity management plan, cash in excess of daily requirements is invested in an interest-bearing savings account. The Organization maintains segregated financial assets on hand to meet a minimum of one month of normal operating expenses, with a goal to increase that fund to three months of operating expenses.

(4) 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.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(5) OPERATING LEASES

Office space Boston:

UFE leases office space in Boston under a non-cancelable operating lease which commenced on September 1, 2018 and continues for a three-year term until August 31, 2021. There are no renewal options. The lease is subject to property tax and operating cost escalation clauses. Fixed rental payments under this lease for each of the next three years and in the aggregate are:

Fiscal year ending June 30:

2020	\$ 37,000
2021	38,200
2022	<u>6,400</u>
	<u>\$ 81,600</u>

Rent expense for Boston office space totaled \$19,219 (net of one-time landlord concessions) and \$26,217, respectively, for fiscal years ending June 30, 2019 and 2018.

Office space North Carolina:

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. Net expense for this office space totaled \$6,629 and \$3,755, respectively, for fiscal years ending June 30, 2019 and 2018.

Equipment:

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

Rent expense for these leases totaled approximately \$9,099 and \$9,480 for the years ended June 30, 2019 and 2018, respectively.

Future minimum rent payments for equipment leases annually and in the aggregate are as follows:

Fiscal year ending June 30:

2020	\$ 8,270
2021	8,230
2022	<u>5,200</u>
	<u>\$21,700</u>

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(6) CONCENTRATIONS

Cash:

The Organization maintains cash balances at a highly rated financial institution. Balances in these accounts may, at times, exceed federally insured limits. Bank balance amounts in excess of Federally insured limits totaled \$149,299 as of June 30, 2019. 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:

Five donors were responsible for 47% of total contribution and grant revenue for fiscal year ending June 30, 2019.

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

Pledges and grants receivable:

Two donors were responsible for 94% of total pledges and grants receivable as of June 30, 2019.

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

(7) PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at June 30, 2019 and 2018 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) 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.)

	2019	2018
Interest and dividends on investments	\$ -	\$ -
Net realized gain (loss)	<u>(658)</u>	<u>(82)</u>
Total investment gain (loss)	<u>\$ (658)</u>	<u>\$ (82)</u>

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

(9) NET ASSETS WITH DONOR RESTRICTIONS

Temporarily restricted assets consist of the following:

	2019	2018
Foundation grants for use in subsequent fiscal years	\$ 80,000	\$1,200
Foundation grants for specified use in subsequent fiscal years	<u>125,000</u>	<u>-</u>
Total	<u>\$205,000</u>	<u>\$1,200</u>

(10) 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 \$8,123 and \$11,484 for the fiscal years ended June 30, 2019 and 2018, respectively.

(11) RELATED PARTY

The spouse of the executive director performs numerous volunteer services for UFE, including providing transportation for out-of-state training participants and facilitating workshops. He receives reimbursement for his out-of-pocket expenses incurred in providing these services – i.e. air travel to workshop sites. Reimbursements to him totaled \$614.30 for fiscal year ending June 30, 2019.

(12) SUBSEQUENT EVENT - COVID-19

The COVID-19 outbreak in the United States has caused economic disruption through mandated and voluntary closings of numerous businesses and organizations. There is considerable uncertainty around the duration of the closings and resultant impact. At this point, the extent to which COVID-19 may impact our financial condition or changes in net assets is uncertain.