

UNITED FOR A FAIR ECONOMY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020, 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, 2020, 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 2019 financial statements and I expressed an unmodified audit opinion on those audited financial statements in my report dated July 29, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Elaine Renzi, CPA, LLC

July 28, 2021

UNITED FOR A FAIR ECONOMY, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 321,005	\$ 379,472
Investments	-	-
Pledges and grants receivable	130,000	191,000
Donations receivable	42,563	24,043
Accounts receivable	11,527	16,983
Prepaid expense	1,807	8,950
Publication inventory	-	1,944
Total current assets	506,902	622,392
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
Total other assets	-	2,778
Total assets	\$ 506,902	\$ 625,170
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expense	\$ 37,494	\$ 64,327
Accrued salary and vacation compensation	65,876	55,729
Total current liabilities	103,370	120,056
NET ASSETS:		
Without donor restrictions	245,484	300,114
With donor restrictions	158,048	205,000
Total net assets	403,532	505,114
Total liabilities and net assets	\$ 506,902	\$ 625,170

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, 2020 WITH COMPARATIVE TOTALS FOR 2019

	<u>2020</u>			<u>2019</u>
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE:				
Contributions	\$ 668,539	\$ -	\$ 668,539	\$ 749,789
Grants	173,199	43,048	216,247	291,000
Released from restriction	90,000	(90,000)	-	-
Program and conference fees	24,716	-	24,716	33,101
Educational materials revenue	1,227	-	1,227	1,163
In-kind contributions	18,718	-	18,718	22,121
Interest and dividends	2,839	-	2,839	1,225
Gains (losses) on investments	1,229	-	1,229	(658)
	<hr/>	<hr/>	<hr/>	<hr/>
Total public support and other revenue	980,467	(46,952)	933,515	1,097,741
EXPENSES:				
Program	779,413	-	779,413	676,050
General and administrative	112,386	-	112,386	110,485
Fundraising	143,298	-	143,298	105,203
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	1,035,097	-	1,035,097	891,738
Change in net assets	(54,630)	(46,952)	(101,582)	206,003
NET ASSETS, beginning of year	<hr/> 300,114	<hr/> 205,000	<hr/> 505,114	<hr/> 299,111
NET ASSETS, end of year	<hr/> <u>\$ 245,484</u>	<hr/> <u>\$ 158,048</u>	<hr/> <u>\$ 403,532</u>	<hr/> <u>\$ 505,114</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, 2020 WITH COMPARATIVE TOTALS FOR 2019

	2020				2019
	Program	General & Administrative	Fundraising	Total	Total
Salary	\$ 412,546	\$ 32,888	\$ 85,195	\$ 530,629	\$ 428,794
Payroll taxes	33,367	4,026	8,141	45,534	41,094
Benefits	112,672	7,672	19,550	139,894	123,017
Subtotal	558,585	44,586	112,886	716,057	592,905
Conference and training fees	3,626	47	315	3,988	5,842
Contributions and sponsorships	669	-	-	669	2,277
Depreciation	-	-	-	-	-
Equipment rental and maintenance	8,426	1,229	1,746	11,401	12,249
Fees	6,469	1,503	9,976	17,948	17,261
Grants to others	-	-	-	-	796
Insurance	2,079	2,286	312	4,677	4,425
Mail and delivery	2,782	214	2,615	5,611	8,335
Media services and advertising	181	226	-	407	415
Meetings and events	43,252	446	583	44,281	33,844
Miscellaneous	558	223	140	921	1,244
Occupancy	25,074	1,685	4,493	31,252	28,562
Printing and reproduction	12,016	425	5,804	18,245	18,012
Professional fees	46,820	54,135	2,372	103,327	96,566
Publications	1,809	18	149	1,976	1,941
Supplies	2,815	107	98	3,020	3,134
Telephone and internet	10,610	437	1,165	12,212	9,666
Travel	53,642	4,819	644	59,105	54,264
Total expenses	\$ 779,413	\$ 112,386	\$ 143,298	\$ 1,035,097	\$ 891,738

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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (101,582)	\$ 206,003
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	-	-
(Gains) losses on investments	(1,229)	658
Donated investments	(80,114)	(156,423)
(Increase) decrease in operating assets:		
Pledges and grants receivable	61,000	78,214
Donations receivable	(18,520)	(13,968)
Accounts receivable	5,456	(15,455)
Related party receivable	-	-
Prepaid expense	7,143	(8,950)
Publication inventory	1,944	1,040
Deposits	2,778	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expense	(26,833)	33,397
Accrued salary and vacation compensation	10,147	9,039
Net cash provided (used) by operating activities	(139,810)	133,555
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	81,343	155,765
Net cash provided by investing activities	81,343	155,765
CASH FLOWS FROM FINANCING ACTIVITIES:	-	-
Net cash provided (used) by financing activities	-	-
Increase (decrease) in cash and cash equivalents	(58,467)	289,320
CASH AT BEGINNING OF YEAR	379,472	90,152
CASH AT END OF YEAR	\$ 321,005	\$ 379,472

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

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(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.

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, 2019, from which the summarized information was derived.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2020 and 2019, in-kind contributions were recorded for organizational and program-related consulting services received at a fair market value of \$18,719 and \$17,621, respectively. In-kind contributions for office rent concessions totaled \$4,500 for fiscal year ending June 30, 2019.

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.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events

United for a Fair Economy, Inc. evaluated subsequent events through July 28, 2021, which is the date the financial statements were available to be issued.

Adoption of New Accounting Standard

During the fiscal year ending June 30, 2020, the Organization adopted FASB's Accounting Standards Update (ASU) 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances the comparability of financial information among not-for-profit entities. The Organization adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the fiscal year end 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019.

Additionally, the Organization adopted FASB's ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash as of June 30, 2020. This ASU amends the presentation of restricted cash within the statement of cash flows. The new guidance requires that restricted cash be added to cash for purposes of the statement of cash flows. The adoption of ASU 2016-18 had no effect on the current year or prior year presentations in the accompanying financial statements as the Organization did not hold cash for restricted purposes in the periods presented.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(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:

	2020	2019
Cash and cash equivalents	\$321,005	\$379,472
Pledges and grants receivable	130,000	191,000
Donations receivable	42,563	24,043
Accounts receivable	11,527	16,983
	<u>\$505,095</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, 2020

(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 two years and in the aggregate are:

Fiscal year ending June 30:

2021	\$ 38,200
2022	<u>6,400</u>
	<u>\$ 44,600</u>

Rent expense for Boston office space totaled \$26,190 and \$19,219 (net of one-time landlord concessions), respectively, for fiscal years ending June 30, 2020 and 2019.

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 \$4,939 and \$6,629, respectively, for fiscal years ending June 30, 2020 and 2019.

Equipment:

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

Rent expense for these leases totaled approximately \$8,753 and \$9,099 for the years ended June 30, 2020 and 2019, respectively.

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

Fiscal year ending June 30:

2021	\$ 8,230
2022	<u>5,200</u>
	<u>\$13,430</u>

(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 \$31,513 as of June 30, 2020. The Organization has not experienced any losses in such accounts. Management believes there is no significant risk with respect to these accounts.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(6) CONCENTRATIONS (Continued)

Contribution and grant revenue:

Two donors were responsible for 18% of total contribution and grant revenue for fiscal year ending June 30, 2020. Five donors were responsible for 47% of total contribution and grant revenue for fiscal year ending June 30, 2019.

Pledges and grants receivable:

Three donors were responsible for 85% of total pledges and grants receivable as of June 30, 2020. Two donors were responsible for 94% of total pledges and grants receivable as of June 30, 2019.

(7) PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at June 30, 2020 and 2019 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.)

	2020	2019
Interest and dividends on investments	\$ -	\$ -
Net realized gain (loss)	<u>1,229</u>	<u>(658)</u>
Total investment gain (loss)	<u>\$ 1,229</u>	<u>\$ (658)</u>

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(9) NET ASSETS WITH DONOR RESTRICTIONS

Grants and contributions with temporary restrictions assigned by donors at June 30, 2020 and 2019 consist of the following:

	2020	2019
Grants for use in subsequent fiscal years	\$ 60,000	\$ 80,000
Grants for specified use in subsequent fiscal years	<u>98,048</u>	<u>125,000</u>
Total	<u>\$158,048</u>	<u>\$205,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	2020	2019
Expiration of time restrictions	\$ 40,000	\$ -
Expiration of time and use restrictions	<u>50,000</u>	<u>1,200</u>
Total	<u>\$ 90,000</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 \$10,201 and \$8,123 for the fiscal years ended June 30, 2020 and 2019, 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 \$760 and \$614.30 for fiscal years ending June 30, 2020 and 2019, respectively.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(12) COVID-19 MANAGEMENT RESPONSE

Despite the economic and public health disruption caused by the COVID-19 pandemic, United for a Fair Economy maintained a stable financial condition due to continued donations and loans through the federal Paycheck Protection Program (PPP).

UFE managed risk during the pandemic by transitioning all employees to remote work and stopping out-of-state travel. The Organization updated internal procedures to accommodate an increased reliance on electronic business and communications. We experienced an increased need for our services during the pandemic and maintained our staff levels to respond to the increased need.

As the pandemic progressed, UFE planned for staff to return to work in person in a limited capacity with continued awareness of guidance from the CDC, OSHA, and EEOC. UFE continues to monitor the situation and remains vigilant in determining the need to adjust operations and programming.

The Organization received an advance in the amount of \$119,497 in April of 2020 through the Federal Paycheck Protection Program (PPP). The Program includes a provision for forgiveness if the borrower uses all of the proceeds for "forgivable purposes." The Organization has elected to report the PPP loan proceeds of \$119,497 as a conditional grant in the financial statements because, for the year ended June 30, 2020, the conditions of the PPP were met. Subsequent to year end, on May 12, 2021 the SBA approved forgiveness of the PPP loan.