

UNITED FOR A FAIR ECONOMY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I am required to be independent of United for a Fair Economy, Inc. and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to the audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United for a Fair Economy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



*ELAINE RENZI,
CPA, LLC*

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United for a Fair Economy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United for a Fair Economy, Inc.'s ability to continue as a going concern for a reasonable period of time. I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Report on Summarized Comparative Information

I have previously audited United for a Fair Economy, Inc.'s 2020 financial statements and I expressed an unmodified audit opinion on those audited financial statements in my report dated July 28, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Elaine Renzi, CPA, LLC

September 20, 2021

UNITED FOR A FAIR ECONOMY, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

ASSETS		2021	2020
CURRENT ASSETS:			
Cash and cash equivalents		\$ 535,709	\$ 321,005
Investments		-	-
Pledges and grants receivable		500	130,000
Donations receivable		15,000	42,563
Accounts receivable		-	11,527
Prepaid expense		6,928	1,807
Total current assets		558,137	506,902
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		-	-
Total assets		\$ 558,137	\$ 506,902
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable and accrued expense		\$ 29,768	\$ 37,494
Accrued salary and vacation compensation		54,517	65,876
Refundable advance		133,701	-
Total current liabilities		217,986	103,370
NET ASSETS:			
Without donor restrictions		296,401	245,484
With donor restrictions		43,750	158,048
Total net assets		340,151	403,532
Total liabilities and net assets		\$ 558,137	\$ 506,902

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, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE:				
Contributions	\$ 704,593	\$ 3,750	\$ 708,343	\$ 668,539
Grants	61,250	-	61,250	216,247
Released from restriction	118,048	(118,048)	-	-
Program and conference fees	3,400	-	3,400	24,716
Educational materials revenue	1,447	-	1,447	1,227
In-kind contributions	3,178	-	3,178	18,718
Interest and dividends	1,572	-	1,572	2,839
Gains on investments	12,512	-	12,512	1,229
Total public support and other revenue	906,000	(114,298)	791,702	933,515
EXPENSES:				
Program	609,123	-	609,123	779,413
General and administrative	118,642	-	118,642	112,386
Fundraising	127,318	-	127,318	143,298
Total expenses	855,083	-	855,083	1,035,097
Change in net assets	50,917	(114,298)	(63,381)	(101,582)
NET ASSETS, beginning of year	245,484	158,048	403,532	505,114
NET ASSETS, end of year	\$ 296,401	\$ 43,750	\$ 340,151	\$ 403,532

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, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021				2020
	Program	General & Administrative	Fundraising	Total	Total
Salary	\$ 346,043	\$ 42,200	\$ 73,779	\$ 462,022	\$ 530,629
Payroll taxes	31,408	3,895	7,095	42,398	45,534
Benefits	115,863	11,624	20,545	148,032	139,894
Subtotal	493,314	57,719	101,419	652,452	716,057
Conference and training fees	350	40	1,240	1,630	3,988
Contributions and sponsorships	500	-	-	500	669
Depreciation	-	-	-	-	-
Equipment rental and maintenance	11,159	715	2,492	14,366	11,401
Fees	8,268	1,578	4,098	13,944	17,948
Grants to others	15,500	-	-	15,500	-
Insurance	1,823	3,161	295	5,279	4,677
Mail and delivery	2,048	431	7,331	9,810	5,611
Media services and advertising	156	-	-	156	407
Meetings and events	1,843	239	76	2,158	44,281
Miscellaneous	1,141	86	1,495	2,722	921
Occupancy	21,352	2,562	4,555	28,469	31,252
Printing and reproduction	8,044	674	1,569	10,287	18,245
Professional fees	29,718	50,031	1,224	80,973	103,327
Publications	794	-	100	894	1,976
Supplies	1,131	45	80	1,256	3,020
Telephone and internet	7,982	706	1,255	9,943	12,212
Travel	4,000	655	89	4,744	59,105
Total expenses	\$ 609,123	\$ 118,642	\$ 127,318	\$ 855,083	\$ 1,035,097

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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (63,381)	\$ (101,582)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	-	-
Gains on investments	(12,512)	(1,229)
Donated investments	(122,549)	(80,114)
(Increase) decrease in operating assets:		
Pledges and grants receivable	129,500	61,000
Donations receivable	27,563	(18,520)
Accounts receivable	11,527	5,456
Prepaid expense	(5,121)	7,143
Publication inventory	-	1,944
Deposits	-	2,778
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expense	(7,726)	(26,833)
Accrued salary and vacation compensation	(11,359)	10,147
Refundable advance	133,701	-
Net cash provided (used) by operating activities	79,643	(139,810)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	135,061	81,343
Net cash provided by investing activities	135,061	81,343
CASH FLOWS FROM FINANCING ACTIVITIES:	-	-
Net cash provided (used) by financing activities	-	-
Increase (decrease) in cash and cash equivalents	214,704	(58,467)
CASH AT BEGINNING OF YEAR	321,005	379,472
CASH AT END OF YEAR	\$ 535,709	\$ 321,005

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

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(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 additional staff working from 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, 2020, from which the summarized information was derived.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(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.

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, 2021 and 2020, in-kind contributions were recorded for organizational and program-related consulting services received at a fair market value of \$3,178 and \$18,718, respectively.

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, 2021

(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 September 20, 2021, 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:

	2021	2020
Cash and cash equivalents	\$535,709	\$321,005
Pledges and grants receivable	500	130,000
Donations receivable	15,000	42,563
Accounts receivable	-	11,527
	<u>\$551,209</u>	<u>\$505,095</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.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(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.

(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 until August 31, 2024. 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 four years and in the aggregate are:

Fiscal year ending June 30:

2022	\$ 39,367
2023	40,384
2024	41,373
2025	6,923
	<u>\$ 128,047</u>

Rent expense for Boston office space totaled \$26,350 and \$26,190 (net of one-time landlord concessions), respectively, for fiscal years ending June 30, 2021 and 2020.

Office space North Carolina:

The Organization leased field office space in Durham, North Carolina during fiscal year ending June 30, 2020. This office space was shared with other nonprofits with similar charitable purposes who also shared in the rent expense. Net expense for this office space totaled \$4,939 for fiscal year ending June 30, 2020.

Equipment:

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

Rent expense for these leases totaled approximately \$8,846 and \$8,753 for the years ended June 30, 2021 and 2020, respectively.

Future minimum rent payments for equipment leases are as follows:

Fiscal year ending June 30:

2022	\$ 5,600
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UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(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 \$298,605 as of June 30, 2021. 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:

Four donors were responsible for 33% of total contribution and grant revenue for fiscal year ending June 30, 2021.

Three donors were responsible for 85% of total pledges and grants receivable for fiscal year ending June 30, 2020.

Pledges and grants receivable:

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

(7) PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at June 30, 2021 and 2020 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 sales of stock donations.)

	2021	2020
Interest and dividends on investments	\$ 1,194	\$ -
Net realized gain	<u>12,512</u>	<u>1,229</u>
Total investment gain	<u>\$13,706</u>	<u>\$1,229</u>

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(9) REFUNDABLE ADVANCE

UFE received an advance in the amount of \$133,701 in April of 2021 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." As of the date of issuance of the financial statements, the Organization has fulfilled all of the requirements for loan forgiveness and anticipates the loan will be forgiven. The Organization has elected to report the PPP loan proceeds as a refundable advance pending official notification of forgiveness.

UFE received an advance in the amount of \$119,497 in April of 2020 through the Federal Paycheck Protection Program. The Organization 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, and prior to the date of issuance of the financial statements, the SBA approved forgiveness of the PPP loan.

(10) NET ASSETS WITH DONOR RESTRICTIONS

Grants and contributions with temporary restrictions assigned by donors at June 30, 2021 and 2020 consist of the following:

	2021	2020
Grants for use in subsequent fiscal years	\$ 18,750	\$ 60,000
Grants for specified use in subsequent fiscal years	<u>25,000</u>	<u>98,048</u>
Total	<u>\$ 43,750</u>	<u>\$158,048</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:

	2021	2020
Expiration of time restrictions	\$ 55,000	\$ 40,000
Expiration of time and use restrictions	<u>63,048</u>	<u>50,000</u>
Total	<u>\$118,048</u>	<u>\$ 90,000</u>

(11) 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 \$9,308 and \$10,201 for the fiscal years ended June 30, 2021 and 2020, respectively.

UNITED FOR A FAIR ECONOMY, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(12) 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 \$284 and \$760 for fiscal years ending June 30, 2021 and 2020, respectively.

(13) 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, some UFE staff returned 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.