

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

# UNITED FOR A FAIR ECONOMY, INC.

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**Business Advisors**  
**Certified Public Accountants**

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

## **Independent Auditors' Report**

### ***Opinion***

We have audited the accompanying financial statements of United for a Fair Economy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United for a Fair Economy, Inc. as of June 30, 2022, 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***

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

Our 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 our 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 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

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

- 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 our 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.

We are 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 we identified during the audit.

### ***Prior Period Financial Statements***

The financial statements of United for a Fair Economy, Inc. as of June 30, 2021, were audited by another auditor whose report dated September 20, 2021, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Parent, Kitchell, King & Co., LLC*

December 13, 2022

Franklin, Massachusetts

# UNITED FOR A FAIR ECONOMY, INC.

## STATEMENT OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

<b>ASSETS</b>		<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents		\$403,483	\$535,709
Investments		-	-
Pledges and grants receivable		98,200	500
Donations receivable		5,661	15,000
Accounts receivable		14,973	-
Prepaid expense		43,185	6,928
Total current assets		565,502	558,137
<b>FIXED ASSETS:</b>			
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		<u>\$565,502</u>	<u>\$558,137</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Line of credit		\$ 7,120	\$ -
Accounts payable and accrued expense		52,005	29,768
Accrued salary and vacation compensation		69,325	54,517
Refundable advance		-	133,701
Total current liabilities		128,450	217,986
<b>NET ASSETS:</b>			
Without donor restrictions		306,352	296,401
With donor restrictions		130,700	43,750
Total net assets		437,052	340,151
Total liabilities and net assets		<u>\$565,502</u>	<u>\$558,137</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, 2022 WITH COMPARATIVE TOTALS FOR 2021

	<b>2022</b>			<b>2021</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE:</b>				
Contributions	\$ 687,868	\$155,700	\$ 843,568	\$ 708,343
Grants	97,500	-	97,500	61,250
Released from restriction	68,750	(68,750)	-	-
Program and conference fees	23,942	-	23,942	3,400
Educational materials revenue	1,267	-	1,267	1,447
In-kind contributions	36,619	-	36,619	3,178
Interest and dividends	4,611	-	4,611	1,572
Miscellaneous income	133,701	-	133,701	-
Gain(loss) on investments	(8,811)	-	(8,811)	12,512
Total public support and other revenue	1,045,447	86,950	1,132,397	791,702
<b>EXPENSES:</b>				
Program	773,516	-	773,516	609,123
General and administrative	108,510	-	108,510	118,642
Fundraising	153,470	-	153,470	127,318
Total expenses	1,035,496	-	1,035,496	855,083
Change in net assets	9,951	86,950	96,901	(63,381)
NET ASSETS, beginning of year	296,401	43,750	340,151	403,532
NET ASSETS, end of year	<u>\$ 306,352</u>	<u>\$130,700</u>	<u>\$ 437,052</u>	<u>\$340,151</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, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022			2021
	Program	General & Administrative	Fundraising	Total
Salary	\$374,477	\$ 34,729	\$ 88,142	\$ 497,348
Payroll taxes	32,966	2,450	5,717	41,133
Benefits	110,507	8,028	18,733	137,268
Subtotal	517,950	45,207	112,592	675,749
Conference and training fees	382	1,000	310	1,692
Contributions and sponsorships	10,009	698	1,772	12,479
Depreciation	-	-	-	-
Equipment rental and maintenance	15,782	1,066	1,571	18,419
Fees	10,448	1,568	13,598	25,614
Grants to others	-	-	-	-
Insurance	1,871	3,169	440	5,480
Mail and delivery	2,131	339	5,517	7,987
Media services and advertising	257	349	-	606
Meetings and events	35,596	744	2,304	38,644
Miscellaneous	929	33	95	1,057
Occupancy	32,368	3,002	7,619	42,989
Printing and reproduction	5,605	332	1,170	7,107
Professional fees	101,121	46,474	3,576	151,171
Publications	856	-	337	1,193
Supplies	3,394	215	243	3,852
Telephone and internet	6,206	407	1,034	7,647
Travel	28,611	3,907	1,292	33,810
Total expenses	\$773,516	\$108,510	\$153,470	\$1,035,496

*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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 96,901	\$ (63,381)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	-	-
(Gain) loss on investments	8,811	(12,512)
Donated investments	(136,414)	(122,549)
(Increase) decrease in operating assets:		
Pledges and grants receivable	(97,700)	129,500
Donations receivable	9,339	27,563
Accounts receivable	(14,973)	11,527
Prepaid expense	(36,257)	(5,121)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expense	22,237	(7,726)
Accrued salary and vacation compensation	14,808	(11,359)
Refundable advance	(133,701)	133,701
Net cash provided (used) by operating activities	(266,949)	79,643
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	127,603	135,061
Net cash provided by investing activities	127,603	135,061
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in line of credit	7,120	-
Net cash provided by financing activities	7,120	-
Increase (decrease) in cash and cash equivalents	(132,226)	214,704
CASH AT BEGINNING OF YEAR	535,709	321,005
CASH AT END OF YEAR	\$403,483	\$535,709

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



# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### (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, Massachusetts 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, 2021, from which the summarized information was derived.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### (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, 2022 and 2021, in-kind contributions were recorded for organizational and program-related consulting services received at a fair market value of \$36,619 and \$3,178, 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.

#### **Accrual for Compensated Absences**

The number of hours of vacation time that may be carried to the next year varies by the number of years an employee has been employed by the Organization. Accrued vacation time included in current liabilities totaled \$50,577 and \$54,517 as of June 30, 2022 and 2021, respectively. There is no liability for sick days because they can only be used in the event of illness.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### (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 December 13, 2022, 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:

	2022	2021
Cash and cash equivalents	\$403,483	\$535,709
Pledges and grants receivable	98,200	500
Donations receivable	5,661	15,000
Accounts receivable	14,973	-
	<u>\$522,317</u>	<u>\$551,209</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, 2022

### (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 three years and in the aggregate are:

#### Fiscal year ending June 30:

2023	\$40,384
2024	41,373
2025	<u>6,923</u>
	<u>\$88,680</u>

Rent expense for Boston office space totaled \$42,706 and \$26,350 (net of one-time landlord concessions), respectively, for fiscal years ending June 30, 2022 and 2021.

#### Equipment:

The Organization leased its copy machine under a long-term operating lease that expired during the fiscal year ended June 30, 2022 and was not renewed. Rent expense for this lease totaled approximately \$4,003 and \$8,846 for the years ended June 30, 2022 and 2021, respectively.

### (6) LINE OF CREDIT

The line of credit was set up as part of the financial management process and is linked to the operating bank account. As of June 30, 2022 and 2021, the balance due was \$7,120 and \$-0-, respectively.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### (7) 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 \$90,839 and \$298,605 as of June 30, 2022 and 2021, respectively. 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 36% of total contribution and grant revenue for fiscal year ending June 30, 2022.

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

#### **Pledges and grants receivable:**

Two donors were responsible for 100% of total pledges and grants receivable as of June 30, 2022.

One donor was responsible for 100% of total pledges and grants receivable as of June 30, 2021.

### (8) PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at June 30, 2022 and 2021 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.

### (9) INVESTMENTS

The Organization maintains an investment account in order to transact stock donations. Shares are converted to cash as soon as feasible after the transfer date. Stock contributions are valued at quoted market prices as of the date of transfer. Gains and losses include amounts recognized on sales of stock donations.

Investment return consists of the following:

	2022	2021
Interest and dividends on investments	\$4,425	\$1,194
Net realized gain (loss)	<u>(8,811)</u>	<u>12,512</u>
Total investment gain (loss)	<u>\$(4,386)</u>	<u>\$13,706</u>

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### (10) 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 June 30, 2021, the Organization had fulfilled all of the requirements for loan forgiveness. The Organization elected to report the PPP loan as a refundable advance at June 30, 2021 pending official notification of forgiveness.

The PPP loan was forgiven on January 10, 2022. The amount of the forgiveness of \$133,701 is included in Miscellaneous Income for the year ended June 30, 2022.

### (11) NET ASSETS WITH DONOR RESTRICTIONS

Grants and contributions with temporary restrictions assigned by donors at June 30, 2022 and 2021 consist of the following:

	2022	2021
Grants for use in subsequent fiscal years	\$ 90,000	\$18,750
Grants for specified use in subsequent fiscal years	<u>40,700</u>	<u>25,000</u>
Total	<u>\$130,700</u>	<u>\$43,750</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:

	2022	2021
Expiration of time restrictions	\$18,750	\$ 55,000
Expiration of time and use restrictions	<u>50,000</u>	<u>63,048</u>
Total	<u>\$68,750</u>	<u>\$118,048</u>

### (12) EMPLOYEE BENEFIT PLAN

The Organization sponsors a 401(k) plan. All full-time employees 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 \$9,515 and \$9,308 for the fiscal years ended June 30, 2022 and 2021, respectively.

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

## **NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2022

### **(13) 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 \$429 and \$284 for fiscal years ending June 30, 2022 and 2021, respectively.

### **(14) COVID-19 MANAGEMENT RESPONSE**

Despite the economic and public health disruption caused by the COVID-19 pandemic, UFE 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. UFE experienced an increased need for services during the pandemic and maintained 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.