

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

# UNITED FOR A FAIR ECONOMY, INC.

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**Business Advisors  
Certified Public Accountants**

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

### **Independent Auditors' Report**

We have audited the accompanying statement of financial position of United for a Fair Economy, Inc. (a non-profit organization) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2010 financial statements and, in our report dated November 30, 2010 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Paavento, Ratcliffe, Renzi + Co. LLC*

September 30, 2011

# UNITED FOR A FAIR ECONOMY, INC.

## STATEMENT OF FINANCIAL POSITION JUNE 30, 2011 AND 2010

	2011	2010
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 258,800	\$ 325,998
Investments	7,376	1,981
Prepaid expenses	-	9,077
Pledges & grants receivable	72,000	125,000
Accounts receivable	9,591	10,651
Publication inventory	<u>6,357</u>	<u>9,923</u>
Total current assets	354,124	482,630
FIXED ASSETS:		
Equipment	98,069	98,069
Less - Accumulated depreciation	<u>85,554</u>	<u>77,593</u>
Total fixed assets	12,515	20,476
OTHER ASSETS:		
Deposits	7,997	8,997
Long-term pledges receivable (net of required present-value discount)	<u>36,270</u>	<u>-</u>
Total other assets	<u>44,267</u>	<u>8,997</u>
Total assets	<u>\$ 410,906</u>	<u>\$ 512,103</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accrued expenses	\$ 30,504	\$ 31,132
Accrued salary and vacation compensation	89,337	80,578
Rent deposit	<u>1,100</u>	<u>1,100</u>
Total current liabilities	120,941	112,810
NET ASSETS:		
Unrestricted	104,612	164,326
Temporarily restricted	<u>185,353</u>	<u>234,967</u>
Total net assets	<u>289,965</u>	<u>399,293</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 410,906</u>	<u>\$ 512,103</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, 2011 WITH COMPARATIVE TOTALS FOR 2010

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
Public Support and Revenue:				
Contributions	\$ 751,991	\$ 80,720	\$ 832,711	\$ 720,668
Grants	245,992	48,833	294,825	520,200
Released from restriction	179,167	(179,167)	-	-
Program and conference fees	34,812	-	34,812	19,546
Educational materials sales	13,063	-	13,063	2,297
In-kind contributions	10,587	-	10,587	711
Interest and dividends	491	-	491	171
Loss on disposition of equipment	-	-	-	(4,347)
Realized and unrealized gains (losses) on investments	640	-	640	7
	1,236,743	(49,614)	1,187,129	1,259,253
Total public support and other revenue				
Expenses:				
Program	962,720	-	962,720	816,936
General and administrative	136,980	-	136,980	132,166
Fundraising	196,757	-	196,757	154,683
	1,296,457	-	1,296,457	1,103,785
Total expenses				
Change in net assets	(59,714)	(49,614)	(109,328)	155,468
NET ASSETS, beginning of year	164,326	234,967	399,293	243,825
NET ASSETS, end of Year	\$ 104,612	\$ 185,353	\$ 289,965	\$ 399,293

*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, 2011 WITH COMPARATIVE TOTALS FOR 2010

	2011			2010	
	Program	General & Administrative	Fundraising	Total	Total
Salary	\$ 466,825	\$ 62,697	\$ 94,516	\$ 624,038	\$ 547,840
Payroll taxes	50,906	7,033	10,240	68,179	48,772
Benefits	<u>99,152</u>	<u>22,276</u>	<u>21,136</u>	<u>142,564</u>	<u>118,394</u>
Subtotal	616,883	92,006	125,892	834,781	715,006
Advertising	12,645	9	68	12,722	1,071
Conference and training fees	7,242	163	590	7,995	2,590
Depreciation	5,652	1,194	1,115	7,961	7,961
Equipment rental and maintenance	6,330	808	754	7,892	4,678
Fees	1,813	953	3,737	6,503	5,560
Grants to others	10,375	-	-	10,375	50,000
Insurance	3,111	646	603	4,360	6,081
Meetings and events	20,292	353	716	21,361	8,793
Occupancy	71,259	15,055	14,051	100,365	107,101
Postage and delivery	6,105	820	14,739	21,664	15,580
Printing and reproduction	30,317	3,384	3,357	37,058	33,471
Professional fees	119,213	17,464	13,112	149,789	88,256
Publications	7,359	264	3,599	11,222	7,184
Supplies	3,274	379	6,186	9,839	3,974
Telephone and internet	13,844	2,286	2,133	18,263	15,882
Travel	<u>27,006</u>	<u>1,196</u>	<u>6,105</u>	<u>34,307</u>	<u>30,597</u>
Total expenses	<u>\$ 962,720</u>	<u>\$ 136,980</u>	<u>\$ 196,757</u>	<u>\$ 1,296,457</u>	<u>\$ 1,103,785</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, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (109,328)	\$ 155,468
Adjustment to reconcile change in net assets to cash provided by operating activities:		
Depreciation	7,961	7,961
Realized (gains) losses on investments	(312)	385
Realized (gain) loss on equipment sale	-	4,347
Donated investments	(95,674)	(158,645)
(Increase) decrease in operating assets:		
Prepaid expenses	9,077	(9,077)
Pledges and grants receivable, current	52,997	(80,318)
Pledges and grants receivable, long-term	(36,267)	-
Accounts receivable	1,060	5,149
Due from affiliate	-	6,871
Publication inventory	3,566	1,626
Deposits	1,000	-
Increase (decrease) in operating liabilities-		
Accrued expenses	(628)	(4,360)
Accrued salary and vacation compensation	8,759	18,281
Net cash provided (used) by operating activities	<u>(157,789)</u>	<u>(52,312)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of equipment	-	3,657
Proceeds from sale of investments	90,591	157,865
Net cash provided by investing activities	<u>90,591</u>	<u>161,522</u>
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	(67,198)	109,210
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>325,998</u>	<u>216,788</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 258,800</u>	<u>\$ 325,998</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Noncash transactions-		
Unrealized gain (loss) on investments	\$ -	\$ 392

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

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(1) ORGANIZATION

United for a Fair Economy, Inc. was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on November 30, 1994. The Organization raises awareness that concentrated wealth and power undermine the economy, corrupt democracy, deepen the racial divide, and tear communities apart. The organization supports and helps build social movements for greater equality. Resources for the Organization's activities are primarily provided by public contributions.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*(a) Basis of Accounting & Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein may be classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

*(b) Comparative Financial Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Allocation of Expenses*

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

(d) *Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt and equity instruments with a maturity of three months or less to be cash equivalents.

(e) *Promises to Give*

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

(f) *Restricted and Unrestricted Net Assets*

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(g) *Use of Estimates*

The presentation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) *Property and Equipment*

Property and equipment are recorded at cost, when purchased, or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$10,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized.

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

#### (i) *Inventory*

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

#### (j) *Donated Goods and Services*

Donated goods and services represent the estimated fair market value of materials and services provided. Donated services are recognized as contributions, in accordance with Generally Accepted Accounting Standards, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

At June 30, 2011 and 2010, in-kind contributions were recorded for program-related consulting services received at a fair market value of \$10,587 and \$711, respectively.

#### (k) *Advertising Costs*

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

### (3) TAX STATUS

United for a Fair Economy, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(4) OPERATING LEASES

Facility:

The Organization leases office space in Boston, Massachusetts, under an 87-month lease expiring June 1, 2012. The base rent is \$7,997 per month through May 31, 2010, increasing to \$8,429 for the remaining 24 months. The lease contains a property tax escalation clause and an option to renew for an additional five years.

Rent expense for the years ended June 30, 2011 and 2010, totaled \$101,147 and \$96,392, respectively.

Future minimum lease payments are as follows:

FY12	92,718
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Equipment:

The Organization has two equipment leases. One is for a copy machine, with an initial 60-month lease term beginning January, 2007. Minimum monthly base payments on the lease are \$1,317. The second is for a postage meter, with an initial 60-month lease term beginning April, 2007. Monthly payments on the lease are \$124. Equipment rental expense for the years ended June 30, 2011 and 2010 totaled \$21,414 and \$20,252, respectively.

Future minimum lease payments are as follows:

FY12	\$ 9,312
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(5) SUBLEASE

The Organization currently subleases office space to another organization under a tenant-at-will arrangement. Payments charged under this agreement (and netted against rent expense) totaled \$13,560 and \$13,200 for the years ended June 30, 2011 and 2010, respectively.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(6) CONCENTRATIONS

*Cash:*

The Organization maintains cash balances at several highly rated financial institutions. Balances in these accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes there is no significant risk with respect to these accounts.

*Grants Receivable and Revenue:*

One donor comprised 48% of the balance in pledges & grants receivable as of June 30, 2011. Two donors comprised 100% of the balance in pledges & grants receivable as of June 30, 2010. Seven donors were responsible for 40% of total Contribution and Grant Revenue for fiscal year ending June 30, 2011. Six donors were responsible for 52% of total Contribution and Grant Revenue for fiscal year ending June 30, 2010.

(7) PLEDGES & GRANTS RECEIVABLE

Pledges and grants receivable at June 30, 2011 and 2010 consist of unconditional promises to give expected to be collected within three years as follows:

	<b>2011</b>	<b>2010</b>
Receivable in less than one year	\$ 72,000	\$ 125,000
Receivable in fiscal year 2013	20,000	-
Receivable in fiscal year 2014	<u>20,000</u>	<u>-</u>
Total unconditional promises to give	112,000	125,000
Less discounts to net present value (at 5.5%)	<u>(3,730)</u>	<u>-</u>
Net unconditional promises to give at June 30, 2011	<u>\$108,270</u>	<u>\$125,000</u>

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.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(8) INVESTMENTS

The Organization maintains investment accounts at financial institutions. The market value of the investments is subject to market risk. Investments at June 30 are carried at quoted market values summarized as follows:

	2011		2010	
	Cost	FMV	Cost	FMV
Mutual Funds	\$3,846	\$2,367	\$3,846	\$1,981
Publicly Traded Stock	<u>5,009</u>	<u>5,009</u>	<u>-</u>	<u>-</u>
	<u>\$8,855</u>	<u>\$7,376</u>	<u>\$3,846</u>	<u>\$1,981</u>

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.)

	2011	2010
Interest and dividends on investments	\$ 64	\$ -
Net realized/unrealized gain (loss)	<u>576</u>	<u>7</u>
Total investment return	<u>\$ 640</u>	<u>\$ 178</u>

The unrealized gain (loss) on investments totaled \$ -0- and \$392 for the years ended June 30, 2011 and 2010, respectively.

(9) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted assets consist of the following:

	2011	2010
Pledges received from individuals for use in subsequent fiscal years	\$ 84,000	\$ -
less discount to present value	<u>(3,730)</u>	<u>-</u>
Net pledges	80,270	-
Foundation grants for use in the subsequent fiscal year	<u>105,083</u>	<u>234,967</u>
Total	<u>\$185,353</u>	<u>\$234,967</u>

(10) SUBSEQUENT EVENTS

The Organization evaluated subsequent events through September 30, 2011, which is the date the financial statements were available to be issued.

# UNITED FOR A FAIR ECONOMY, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(11) PRIOR PERIOD RE-ISSUED FINANCIAL STATEMENTS

Financial statements for the fiscal year ended June 30, 2010 were re-issued as of July 25, 2011 to correct an error in categorization of net assets on the Statement of Financial Position described as follows:

During fiscal year 2011, management discovered that incorrect amounts of restricted and temporarily restricted net assets as presented in the Statement of Activities for the year ending June 30, 2010 were carried to the Statement of Financial Position. As a result, the 2010 financial statements were restated to correct this error.

Statement of Financial Position -

	As originally presented	As restated
Net assets:		
Unrestricted	\$343,043	\$164,326
Temporarily restricted	<u>56,250</u>	<u>234,967</u>
Total net assets	<u>\$399,293</u>	<u>\$399,293</u>