

**RESOURCE GENERATION, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2016 AND 2015**

# RESOURCE GENERATION, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Resource Generation, Inc.

We have audited the accompanying financial statements of Resource Generation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Resource Generation, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Lotz + Carr, LLP*

New York, New York  
July 21, 2017

**RESOURCE GENERATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 3)	\$ 861,023	\$ 747,584
Unconditional promises to give (Notes 1c and 4)		
Unrestricted	60,350	31,950
Restricted	62,500	242,500
Prepaid expenses and other assets	<u>38,263</u>	<u>20,447</u>
<b>Total Assets</b>	<u><u>\$1,022,136</u></u>	<u><u>\$1,042,481</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 71,070</u>	<u>\$ 26,837</u>
Commitments (Note 5)		
Net Assets		
Unrestricted	888,566	773,144
Temporarily restricted (Note 2)	<u>62,500</u>	<u>242,500</u>
Total Net Assets	<u>951,066</u>	<u>1,015,644</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$1,022,136</u></u>	<u><u>\$1,042,481</u></u>

See notes to financial statements.

**RESOURCE GENERATION, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Changes in Unrestricted Net Assets</b>		
Revenue and Support		
Contributions (Note 1a)	\$1,135,357	\$1,313,058
Loss on sale of donated securities	(2,076)	-
Conference fees	172,416	111,351
Publication sales	2,645	1,876
	<u>1,308,342</u>	<u>1,426,285</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	180,000	-
	<u>180,000</u>	<u>-</u>
Total Revenue and Support	<u>1,488,342</u>	<u>1,426,285</u>
Expenses		
Program Services	1,098,553	532,105
Supporting Services		
Management and general	238,615	96,465
Fundraising	35,752	24,571
Total Supporting Services	<u>274,367</u>	<u>121,036</u>
Total Expenses	<u>1,372,920</u>	<u>653,141</u>
Increase in Unrestricted Net Assets	<u>115,422</u>	<u>773,144</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	-	242,500
Net assets released from restrictions	<u>(180,000)</u>	<u>-</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(180,000)</u>	<u>242,500</u>
Increase (decrease) in net assets	(64,578)	1,015,644
Net assets, beginning of year	<u>1,015,644</u>	<u>-</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 951,066</u></u>	<u><u>\$1,015,644</u></u>

See notes to financial statements.

**RESOURCE GENERATION, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (64,578)	\$1,015,644
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Unconditional promises to give	151,600	(274,450)
Prepaid expenses and other assets	(17,816)	(20,447)
Increase in accounts payable and accrued expenses	44,233	26,837
Net Cash Provided By Operating Activities - Net		
Increase in Cash and Cash Equivalents	113,439	747,584
Cash and cash equivalents, beginning of year	747,584	-
 <b>Cash and Cash Equivalents, End of Year</b>	 <b>\$ 861,023</b>	 <b>\$ 747,584</b>

See notes to financial statements.

**RESOURCE GENERATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

Resource Generation, Inc. (the "Organization") is a national non-profit organization dedicated to organizing young people with wealth and class privilege to become transformative leaders working towards the equitable distribution of land, wealth, and power. The Organization focuses on developing leaders through story-telling and peer-led learning and action. The Organization supports members to engage in collective action through local chapters, national campaigns, innovative funding models, and in their family's philanthropy. The Organization envisions a world in which all communities are powerful, healthy, and living in alignment with the planet.

The activities of the Organization have been considered a program of a Massachusetts non-profit organization, Third Sector New England, Inc., through a Fiscal Sponsor Agreement. Effective July 1, 2015, the program activities were transitioned to the control of the Organization through an Asset Transfer Agreement between the two parties. Approximately \$700,000 in cash was transferred to the Organization, representing the interest in the program assets at the time of the Asset Transfer Agreement. All activity after July 1, 2015 is represented within the Organization's financial statements for the year ended December 31, 2015, including the \$700,000 transfer that is reflected as a contribution within the Statement of Activities.

b - Cash and Cash Equivalents

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

c - Unconditional Promises to Give and Contributions

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year 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 a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

d - Financial Statement Presentation

The Organization reports 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.



**RESOURCE GENERATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

e - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f - Tax Status

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

g - Subsequent Events

The Organization has evaluated subsequent events through July 21, 2017, the date that the financial statements are considered available to be issued.

**Note 2 - Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for future programs and periods.

**Note 3 - Concentration of Credit Risk**

The Organization maintains its cash balances in a financial institution located in New York City. The cash balances, at times, may exceed federally insured limits.

**Note 4 - Unconditional Promises to Give**

Unconditional promises to give are due as follows:

	<u>2016</u>	<u>2015</u>
Due within one year	\$107,850	\$211,950
Due within two years	15,000	47,500
Due within three years	<u>-</u>	<u>15,000</u>
	<u>\$122,850</u>	<u>\$274,450</u>

**RESOURCE GENERATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**Note 4 - Unconditional Promises to Give (continued)**

Uncollectible promises to give are expected to be insignificant.

**Note 5 - Commitments**

The Organization leases office space in multiple cities on a month-to-month basis. Rent expense for the years ended December 31, 2016 and 2015 was \$80,117 and \$36,561, respectively.

**Note 6 - Pension Plan**

In 2016, the Organization established a defined contribution retirement plan established under Section 403(b) of the Internal Revenue Code for all eligible employees. The Organization's Board of Directors may elect to make a matching contribution, as well as other discretionary contributions, to the plan. During the year ended December 31, 2016, the expense under this plan was \$17,697.

**Note 7 - Functional Allocation of Expenses**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**SUPPLEMENTARY INFORMATION**



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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Resource Generation, Inc.

We have audited the financial statements of Resource Generation, Inc. as of and for the years ended December 31, 2016 and 2015, and our report thereon dated July 21, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2016 with comparative totals for 2015 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lutz + Carr, LLP*

New York, New York  
July 21, 2017

## RESOURCE GENERATION, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	Program Services	Supporting Services		2016	2015
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 552,531	\$ 113,488	\$ 22,630	\$ 688,649	\$345,338
Payroll taxes and employee benefits	148,170	28,350	6,069	182,589	80,835
Professional and consulting fees	75,564	57,461	3,320	136,345	65,621
Meetings and travel	205,308	11,016	100	216,424	97,202
Occupancy	67,068	10,749	2,300	80,117	36,561
Insurance	5,881	4,278	241	10,400	3,326
Staff development	2,225	-	-	2,225	1,865
Advertising	262	80	-	342	160
Bank fees	4,224	5,052	-	9,276	4,386
Computer expense	12,100	1,213	259	13,572	4,489
Postage and printing	7,780	209	808	8,797	6,513
Office supplies	5,126	990	-	6,116	2,567
Telecommunications	7,364	120	25	7,509	3,301
Miscellaneous	4,950	5,609	-	10,559	977
Total Expenses, 2016	<u>\$1,098,553</u>	<u>\$ 238,615</u>	<u>\$ 35,752</u>	<u>\$1,372,920</u>	
Total Expenses, 2015	<u>\$ 532,105</u>	<u>\$ 96,465</u>	<u>\$ 24,571</u>		<u>\$653,141</u>

See independent auditors' report on supplementary information.