

RESOURCE GENERATION, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2017 AND 2016

RESOURCE GENERATION, INC.

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-8
Supplementary Information	
Independent Auditors' Report on Supplementary Information	10
Schedule of Functional Expenses	11



LUTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

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, 2017 and 2016, 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 audits 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, 2017 and 2016, 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 20, 2018

RESOURCE GENERATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)	\$1,115,854	\$ 861,023
Unconditional promises to give (Notes 1c and 4)		
Unrestricted	27,922	60,350
Restricted	50,000	62,500
Prepaid expenses and other assets	<u>20,750</u>	<u>38,263</u>
Total Assets	<u><u>\$1,214,526</u></u>	<u><u>\$1,022,136</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 56,525	\$ 71,070
Deferred revenue (Note 1d)	<u>3,950</u>	<u>-</u>
Total Liabilities	<u>60,475</u>	<u>71,070</u>
Commitments (Note 5)		
Net Assets		
Unrestricted	1,104,051	888,566
Temporarily restricted (Note 2)	<u>50,000</u>	<u>62,500</u>
Total Net Assets	<u>1,154,051</u>	<u>951,066</u>
Total Liabilities and Net Assets	<u><u>\$1,214,526</u></u>	<u><u>\$1,022,136</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Contributions	\$1,428,897	\$1,135,357
Loss on sale of donated securities	(257)	(2,076)
Conference fees	117,968	172,416
Publication sales	4,177	2,645
	<u>1,550,785</u>	<u>1,308,342</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	47,500	180,000
	<u>47,500</u>	<u>180,000</u>
Total Revenue and Support	<u>1,598,285</u>	<u>1,488,342</u>
Expenses		
Program Services	1,127,697	1,098,553
Supporting Services		
Management and general	218,362	238,615
Fundraising	36,741	35,752
Total Supporting Services	<u>255,103</u>	<u>274,367</u>
Total Expenses	<u>1,382,800</u>	<u>1,372,920</u>
Increase in Unrestricted Net Assets	<u>215,485</u>	<u>115,422</u>
Changes in Temporarily Restricted Net Assets		
Contributions	35,000	-
Net assets released from restrictions	<u>(47,500)</u>	<u>(180,000)</u>
Decrease in Temporarily Restricted Net Assets	<u>(12,500)</u>	<u>(180,000)</u>
Increase (decrease) in net assets	202,985	(64,578)
Net assets, beginning of year	<u>951,066</u>	<u>1,015,644</u>
Net Assets, End of Year	<u><u>\$1,154,051</u></u>	<u><u>\$ 951,066</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 202,985	\$ (64,578)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Unconditional promises to give	44,928	151,600
Prepaid expenses and other assets	17,513	(17,816)
Increase (decrease) in:		
Accounts payable and accrued expenses	(14,545)	44,233
Deferred revenue	3,950	-
Net Cash Provided By Operating Activities - Net	<u>254,831</u>	<u>113,439</u>
Increase in Cash and Cash Equivalents	254,831	113,439
Cash and cash equivalents, beginning of year	<u>861,023</u>	<u>747,584</u>
Cash and Cash Equivalents, End of Year	<u><u>\$1,115,854</u></u>	<u><u>\$ 861,023</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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.

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 - Deferred Revenue

Conference fees are recognized in the period that the conference takes place.

e - 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.

f - 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.

g - 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.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

h - Subsequent Events

The Organization has evaluated subsequent events through July 20, 2018, 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>2017</u>	<u>2016</u>
Due within one year	\$77,922	\$107,850
Due within two years	<u>-</u>	<u>15,000</u>
	<u>\$77,922</u>	<u>\$122,850</u>

Uncollectible promises to give are expected to be insignificant.

Note 5 - Commitments

The Organization leases office space in multiple cities on an annual or month-to-month basis. Rent expense for the years ended December 31, 2017 and 2016 was \$58,693 and \$80,117, respectively.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 6 - Pension Plan

The Organization established a defined contribution retirement plan 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 years ended December 31, 2017 and 2016, the expense under this plan was \$5,693 and \$17,697, respectively.

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



LUTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

**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, 2017 and 2016, and our report thereon dated July 20, 2018, 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, 2017 with comparative totals for 2016 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 20, 2018

RESOURCE GENERATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE TOTALS FOR 2016

	Program Services	Supporting Services		2017	2016
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 626,820	\$ 101,940	\$ 24,406	\$ 753,166	\$ 688,649
Payroll taxes and employee benefits	163,968	21,923	6,382	192,273	182,589
Professional and consulting fees	79,504	51,924	3,281	134,709	136,345
Meetings and travel	137,656	7,669	230	145,555	216,424
Occupancy	51,351	5,775	1,567	58,693	80,117
Insurance	5,285	3,354	205	8,844	10,400
Staff development	6,777	1,593	100	8,470	2,225
Advertising	1,967	1,545	-	3,512	342
Bank fees	565	11,047	-	11,612	9,276
Computer expense	25,150	1,086	295	26,531	13,572
Postage and printing	4,896	146	39	5,081	8,797
Office supplies	3,144	206	55	3,405	6,116
Telecommunications	8,014	669	181	8,864	7,509
Miscellaneous	12,600	9,485	-	22,085	10,559
Total Expenses, 2017	<u>\$1,127,697</u>	<u>\$ 218,362</u>	<u>\$ 36,741</u>	<u>\$1,382,800</u>	
Total Expenses, 2016	<u>\$1,098,553</u>	<u>\$ 238,615</u>	<u>\$ 35,752</u>		<u>\$1,372,920</u>

See independent auditors' report on supplementary information.