

RESOURCE GENERATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017



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, 2018 and 2017, and the related statements of activities, functional expenses 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, 2018 and 2017, 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 22, 2019

RESOURCE GENERATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents (Notes 1b and 4)	\$1,523,802	\$1,115,854
Unconditional promises to give (Notes 1c and 5)		
Without donor restrictions	11,958	27,922
With donor restrictions	50,000	50,000
Prepaid expenses and other assets	11,746	20,750
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 6)	<u>15,417</u>	<u>-</u>
Total Assets	<u><u>\$1,612,923</u></u>	<u><u>\$1,214,526</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 49,376	\$ 56,525
Deferred revenue (Note 1e)	<u>-</u>	<u>3,950</u>
Total Liabilities	<u>49,376</u>	<u>60,475</u>
Commitments (Note 7)		
Net Assets		
Without donor restrictions	1,513,547	1,104,051
With donor restrictions (Note 3)	<u>50,000</u>	<u>50,000</u>
Total Net Assets	<u>1,563,547</u>	<u>1,154,051</u>
Total Liabilities and Net Assets	<u><u>\$1,612,923</u></u>	<u><u>\$1,214,526</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Contributions	\$1,782,554	\$1,428,897
Loss on sale of donated securities	(686)	(408)
Conference fees	222,205	117,968
Publication sales	3,374	4,177
Interest income	3,083	151
Miscellaneous income	2,945	-
	<u>2,013,475</u>	<u>1,550,785</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>50,000</u>	<u>47,500</u>
Total Revenue and Support	<u>2,063,475</u>	<u>1,598,285</u>
Expenses		
Program Services	<u>1,266,936</u>	<u>1,127,697</u>
Supporting Services		
Management and general	298,378	218,362
Fundraising	88,665	36,741
Total Supporting Services	<u>387,043</u>	<u>255,103</u>
Total Expenses	<u>1,653,979</u>	<u>1,382,800</u>
Increase in Net Assets Without Donor Restrictions	<u>409,496</u>	<u>215,485</u>
Changes in Net Assets With Donor Restrictions		
Contributions	50,000	35,000
Net assets released from restrictions	<u>(50,000)</u>	<u>(47,500)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>-</u>	<u>(12,500)</u>
Increase in net assets	409,496	202,985
Net assets, beginning of year	<u>1,154,051</u>	<u>951,066</u>
Net Assets, End of Year	<u><u>\$1,563,547</u></u>	<u><u>\$1,154,051</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017				
	Program Services	Supporting Services		Program Services	Supporting Services		Total Expenses	
		Management and General	Fundraising		Management and General	Fundraising		
			Total Expenses				Total Expenses	
Salaries	\$ 639,076	\$ 155,619	\$ 61,445	\$ 856,140	\$ 626,820	\$ 101,940	\$ 24,406	\$ 753,166
Payroll taxes and employee benefits	184,040	21,184	16,316	221,540	163,968	21,923	6,382	192,273
Professional and consulting fees	93,568	52,264	3,564	149,396	79,504	51,924	3,281	134,709
Meetings and travel	215,893	14,028	811	230,732	137,656	7,669	230	145,555
Occupancy	46,318	4,178	3,218	53,714	51,351	5,775	1,567	58,693
Insurance	3,755	6,710	333	10,798	5,285	3,354	205	8,844
Staff development	7,828	1,585	-	9,413	6,777	1,593	100	8,470
Advertising	3,930	280	-	4,210	1,967	1,545	-	3,512
Bank fees	381	23,342	-	23,723	565	11,047	-	11,612
Computer expense	23,513	1,633	1,257	26,403	25,150	1,086	295	26,531
Postage and printing	10,393	220	169	10,782	4,896	146	39	5,081
Office supplies	7,078	1,208	290	8,576	3,144	206	55	3,405
Telecommunications	15,030	1,021	961	17,012	8,014	669	181	8,864
Depreciation	2,561	295	227	3,083	-	-	-	-
Miscellaneous	13,572	14,811	74	28,457	12,600	9,485	-	22,085
Total Expenses	<u>\$1,266,936</u>	<u>\$ 298,378</u>	<u>\$ 88,665</u>	<u>\$1,653,979</u>	<u>\$1,127,697</u>	<u>\$ 218,362</u>	<u>\$ 36,741</u>	<u>\$1,382,800</u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 409,496	\$ 202,985
Adjustments to reconcile increase in net assets to to net cash provided by operating activities:		
Depreciation	3,083	-
Decrease in:		
Unconditional promises to give	15,964	44,928
Prepaid expenses and other assets	9,004	17,513
Increase (decrease) in:		
Accounts payable and accrued expenses	(7,149)	(14,545)
Deferred revenue	(3,950)	3,950
Net Cash Provided By Operating Activities	<u>426,448</u>	<u>254,831</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	<u>(18,500)</u>	<u>-</u>
Net increase in cash and cash equivalents	407,948	254,831
Cash and cash equivalents, beginning of year	<u>1,115,854</u>	<u>861,023</u>
Cash and Cash Equivalents, End of Year	<u><u>\$1,523,802</u></u>	<u><u>\$1,115,854</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

d - Property and Equipment

Property and equipment acquired are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the asset.

e - Deferred Revenue

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

f - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

f - Financial Statement Presentation (continued)

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

g - 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. Salaries and benefits are allocated on the basis of the employees' time and effort and direct expenses are tracked based on the function of the cost. Accordingly, certain costs have been allocated among the program and supporting services benefited.

h - 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.

i - 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.

j - Recent Accounting Pronouncement

In 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the previous reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. As permitted under the ASU in the year of adoption, the Organization opted not to disclose liquidity and availability information for 2017.

k - Subsequent Events

The Organization has evaluated subsequent events through July 22, 2019, the date that the financial statements are considered available to be issued.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of individual contribution revenue raised during the current year, revenue from earned income, and other sources earned during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover six months of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

The Organization's financial assets as of December 31, 2018 and those available within one year to meet cash needs for general expenditures within one year are summarized as follows:

Financial Assets at Year End:	
Cash and cash equivalents	\$1,523,802
Unconditional promises to give	<u>61,958</u>
Total Financial Assets	1,585,760
Less: Amounts not Available to be Used within One Year	
Net assets with donor restrictions subject to expenditure for specific purposes or passage of time	(50,000)
Plus: Net assets with restrictions to be met in less than a year	<u>50,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$1,585,760</u>

Note 3 - Restrictions on Assets

Net assets with donor restrictions are restricted for future periods.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 4 - 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 5 - Unconditional Promises to Give

Unconditional promises to give are due within one year. Uncollectible promises to give are expected to be insignificant.

Note 6 - Property and Equipment

Property and equipment consist of the following at December 31, 2018:

	<u>Life</u>	<u>Amount</u>
Website	3 years	\$18,500
Less: Accumulated depreciation		<u>(3,083)</u>
		<u>\$15,417</u>

Note 7 - 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, 2018 and 2017 was \$53,714 and \$58,693, respectively.

Note 8 - 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, 2018 and 2017, the expense under this plan was \$20,483 and \$5,693, respectively.