

**RESOURCE GENERATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**



## **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, 2019 and 2018, 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 audits. 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, 2019 and 2018, 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  
October 27, 2020

**RESOURCE GENERATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 4)	\$2,439,661	\$1,523,802
Contributions receivable (Notes 1c and 5)		
Without donor restrictions	-	11,958
With donor restrictions	55,741	50,000
Accounts receivable	13,945	-
Prepaid expenses and other assets	61,312	11,746
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 6)	<u>9,250</u>	<u>15,417</u>
<b>Total Assets</b>	<u><u>\$2,579,909</u></u>	<u><u>\$1,612,923</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 70,513	\$ 49,376
Deferred revenue (Note 1e)	<u>19,845</u>	<u>-</u>
Total Liabilities	<u>90,358</u>	<u>49,376</u>
Commitments and Contingency (Notes 7, 8 and 9)		
Net Assets		
Without donor restrictions	2,433,810	1,513,547
With donor restrictions (Note 3)	<u>55,741</u>	<u>50,000</u>
Total Net Assets	<u>2,489,551</u>	<u>1,563,547</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$2,579,909</u></u>	<u><u>\$1,612,923</u></u>

See notes to financial statements.

**RESOURCE GENERATION, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Revenue and Support		
Contributions	\$2,821,184	\$1,782,554
Loss on sale of donated securities	(1,166)	(686)
Conference fees	186,443	222,205
Publication sales	1,515	3,374
Interest income	4,291	3,083
Miscellaneous income	3,693	2,945
	<u>3,015,960</u>	<u>2,013,475</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Total Revenue and Support	<u>3,065,960</u>	<u>2,063,475</u>
Expenses		
Program Services	1,706,879	1,266,936
Supporting Services		
Management and general	331,975	298,378
Fundraising	106,843	88,665
Total Supporting Services	<u>438,818</u>	<u>387,043</u>
Total Expenses	<u>2,145,697</u>	<u>1,653,979</u>
Increase in Net Assets Without Donor Restrictions	<u>920,263</u>	<u>409,496</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	55,741	50,000
Net assets released from restrictions	(50,000)	(50,000)
Increase in Net Assets With Donor Restrictions	<u>5,741</u>	<u>-</u>
Increase in net assets	926,004	409,496
Net assets, beginning of year	<u>1,563,547</u>	<u>1,154,051</u>
<b>Net Assets, End of Year</b>	<u><u>\$2,489,551</u></u>	<u><u>\$1,563,547</u></u>

See notes to financial statements.

## RESOURCE GENERATION, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	Program Services	Supporting Services Management and General	Fundraising	Total Expenses	Program Services	Supporting Services Management and General	Fundraising	Total Expenses
Salaries	\$ 891,736	\$ 110,749	\$ 74,610	\$1,077,095	\$ 639,076	\$ 155,619	\$ 61,445	\$ 856,140
Payroll taxes and employee benefits	276,747	34,370	23,155	334,272	184,040	21,184	16,316	221,540
Professional and consulting fees	96,980	98,549	-	195,529	93,568	52,264	3,564	149,396
Meetings and travel	236,025	27,649	608	264,282	215,893	14,028	811	230,732
Occupancy	58,906	5,389	3,799	68,094	46,318	4,178	3,218	53,714
Insurance	4,238	4,323	355	8,916	3,755	6,710	333	10,798
Staff development	12,973	9,608	300	22,881	7,828	1,585	-	9,413
Advertising	10,151	1,254	-	11,405	3,930	280	-	4,210
Bank fees	50	24,280	-	24,330	381	23,342	-	23,723
Computer expense	30,550	3,729	2,445	36,724	23,513	1,633	1,257	26,403
Postage and printing	6,817	276	194	7,287	10,393	220	169	10,782
Office supplies	8,566	834	242	9,642	7,078	1,208	290	8,576
Telecommunications	11,587	1,211	708	13,506	15,030	1,021	961	17,012
Sponsorships	55,958	-	-	55,958	13,020	-	-	13,020
Depreciation	5,106	634	427	6,167	2,561	295	227	3,083
Miscellaneous	489	9,120	-	9,609	552	14,811	74	15,437
Total Expenses	<u>\$1,706,879</u>	<u>\$ 331,975</u>	<u>\$ 106,843</u>	<u>\$2,145,697</u>	<u>\$1,266,936</u>	<u>\$ 298,378</u>	<u>\$ 88,665</u>	<u>\$1,653,979</u>

See notes to financial statements.

**RESOURCE GENERATION, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 926,004	\$ 409,496
Adjustments to reconcile increase in net assets to to net cash provided by operating activities:		
Depreciation	6,167	3,083
(Increase) decrease in:		
Contributions receivable	6,217	15,964
Accounts receivable	(13,945)	-
Prepaid expenses and other assets	(49,566)	9,004
Increase (decrease) in:		
Accounts payable and accrued expenses	21,137	(7,149)
Deferred revenue	19,845	(3,950)
Net Cash Provided By Operating Activities	915,859	426,448
 <b>Cash Flows From Investing Activities</b>		
Acquisition of property and equipment	-	(18,500)
 Net increase in cash and cash equivalents	915,859	407,948
Cash and cash equivalents, beginning of year	1,523,802	1,115,854
 <b>Cash and Cash Equivalents, End of Year</b>	<b>\$2,439,661</b>	<b>\$1,523,802</b>

See notes to financial statements.

**RESOURCE GENERATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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 - Contributions and Contributions Receivable

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met.

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 depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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 - Conference Fees

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



**RESOURCE GENERATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

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.

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 - Recent Accounting Pronouncements

For 2019, the Organization has adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. The adoption of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

j - 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, 2019 AND 2018**

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

k - Subsequent Events

The Organization has evaluated subsequent events through October 27, 2020, the date that the financial statements are considered available to be issued.

**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, 2019 and 2018 and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2019</u>	<u>2018</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$2,439,661	\$1,523,802
Contributions receivable	55,741	61,958
Accounts receivable	<u>13,945</u>	<u>-</u>
Total Financial Assets	2,509,347	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	(55,741)	(50,000)
Plus: Net assets with restrictions to be met in less than a year	<u>15,000</u>	<u>50,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$2,468,606</u>	<u>\$1,585,760</u>

**RESOURCE GENERATION, INC.**  
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**Note 3 - Restrictions on Assets**

Net assets with donor restrictions are restricted for future periods.

**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 - Contributions Receivable**

Contributions receivable are due as follows:

	<u>2019</u>	<u>2018</u>
Due in less than one year	\$15,000	\$61,958
Due in one to five years	<u>45,000</u>	<u>-</u>
	60,000	61,958
Less: Discount to present value	<u>(4,259)</u>	<u>-</u>
	<u>\$55,741</u>	<u>\$61,958</u>

Uncollectible contributions receivable are expected to be insignificant. Contributions receivable due after one year are discounted to present value using a discount rate of 3%.

**Note 6 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2019</u>	<u>2018</u>
Website	3 years	\$18,500	\$18,500
Less: Accumulated depreciation		<u>(9,250)</u>	<u>(3,083)</u>
		<u>\$ 9,250</u>	<u>\$15,417</u>

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**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, 2019 and 2018 was \$68,094 and \$53,714, 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, 2019 and 2018, the expense under this plan was \$23,955 and \$20,483, respectively.

**Note 9 - Subsequent Event**

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. While management is currently evaluating the potential impact that the resulting economic uncertainties may have on the Organization, it believes that its current financial assets are sufficient to support the Organization's operations on an ongoing basis..