

RESOURCE GENERATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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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, 2020 and 2019, 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 from 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, 2020 and 2019, 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 26, 2021

RESOURCE GENERATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents (Notes 1b and 4)	\$2,759,355	\$2,439,661
Contributions receivable (Notes 1c and 5)		
With donor restrictions	140,794	55,741
Accounts receivable	34,013	13,945
Prepaid expenses and other assets	48,430	61,312
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 6)	<u>3,083</u>	<u>9,250</u>
 Total Assets	 <u><u>\$2,985,675</u></u>	 <u><u>\$2,579,909</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 97,469	\$ 70,513
Deferred revenue (Note 1e)	-	19,845
Total Liabilities	<u>97,469</u>	<u>90,358</u>
 Commitments and Contingency (Notes 7, 8 and 9)		
 Net Assets		
Without donor restrictions	2,747,412	2,433,810
With donor restrictions (Note 3)	<u>140,794</u>	<u>55,741</u>
Total Net Assets	<u><u>2,888,206</u></u>	<u><u>2,489,551</u></u>
 Total Liabilities and Net Assets	 <u><u>\$2,985,675</u></u>	 <u><u>\$2,579,909</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Contributions	\$2,851,507	\$2,821,184
Loss on sale of donated securities	(975)	(1,166)
Conference fees	110,214	186,443
Publication sales	2,817	1,515
Interest income	3,437	4,291
Miscellaneous income	10,339	3,693
	<u>2,977,339</u>	<u>3,015,960</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	15,000	50,000
	<u>15,000</u>	<u>50,000</u>
Total Revenue and Support	<u>2,992,339</u>	<u>3,065,960</u>
Expenses		
Program Services	1,791,195	1,706,879
Supporting Services		
Management and general	786,137	331,975
Fundraising	101,405	106,843
Total Supporting Services	<u>887,542</u>	<u>438,818</u>
Total Expenses	<u>2,678,737</u>	<u>2,145,697</u>
Increase in Net Assets Without Donor Restrictions	<u>313,602</u>	<u>920,263</u>
Changes in Net Assets With Donor Restrictions		
Contributions	100,053	55,741
Net assets released from restrictions	<u>(15,000)</u>	<u>(50,000)</u>
Increase in Net Assets With Donor Restrictions	<u>85,053</u>	<u>5,741</u>
Increase in net assets	398,655	926,004
Net assets, beginning of year	<u>2,489,551</u>	<u>1,563,547</u>
Net Assets, End of Year	<u><u>\$2,888,206</u></u>	<u><u>\$2,489,551</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019			Total Expenses
	Program Services	Supporting Services Management and General	Fundraising	Program Services	Supporting Services Management and General	Fundraising	
Salaries	\$ 964,464	\$ 326,458	\$ 70,480	\$ 891,736	\$ 110,749	\$ 74,610	\$1,077,095
Payroll taxes and employee benefits	329,084	112,729	23,059	276,747	34,370	23,155	334,272
Professional and consulting fees	117,280	238,410	319	96,980	98,549	-	195,529
Meetings and travel	105,910	21,667	460	236,025	27,649	608	264,282
Occupancy	50,106	9,683	2,726	58,906	5,389	3,799	68,094
COVID relief grants	33,290	-	-	-	-	-	-
Insurance	2,254	9,537	25	4,238	4,323	355	8,916
Staff development	21,708	6,213	-	12,973	9,608	300	22,881
Advertising	312	1,186	-	10,151	1,254	-	11,405
Bank fees	175	24,715	-	50	24,280	-	24,330
Computer expense	35,182	7,814	2,202	30,550	3,729	2,445	36,724
Postage and printing	6,073	399	108	6,817	276	194	7,287
Office supplies	14,943	3,820	778	8,566	834	242	9,642
Telecommunications	12,972	3,917	929	11,587	1,211	708	13,506
Sponsorships	93,019	-	-	55,958	-	-	55,958
Depreciation	4,369	1,479	319	5,106	634	427	6,167
Miscellaneous	54	18,110	-	489	9,120	-	9,609
Total Expenses	<u>\$1,791,195</u>	<u>\$ 786,137</u>	<u>\$ 101,405</u>	<u>\$1,706,879</u>	<u>\$ 331,975</u>	<u>\$ 106,843</u>	<u>\$2,145,697</u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 398,655	\$ 926,004
Adjustments to reconcile increase in net assets to to net cash provided by operating activities:		
Depreciation	6,167	6,167
(Increase) decrease in:		
Contributions receivable	(85,053)	6,217
Accounts receivable	(20,068)	(13,945)
Prepaid expenses and other assets	12,882	(49,566)
Increase (decrease) in:		
Accounts payable and accrued expenses	26,956	21,137
Deferred revenue	(19,845)	19,845
Net Cash Provided By Operating Activities - Net	<u>319,694</u>	<u>915,859</u>
Increase in Cash and Cash Equivalents	319,694	915,859
Cash and cash equivalents, beginning of year	<u>2,439,661</u>	<u>1,523,802</u>
Cash and Cash Equivalents, End of Year	<u><u>\$2,759,355</u></u>	<u><u>\$2,439,661</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

e - Revenue Recognition

The Organization has multiple revenue streams that are accounted for as exchange transactions including, conference fees and publication sales. Revenues are recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for these goods or services. The Organization records deferred revenue in situations when amounts are collected, but the revenue recognition criteria outlined above are not met. Such revenue is recognized when all criteria are subsequently met.

Revenues from conferences and publication sales are recognized when the conferences take place and the related goods or services are provided.

f - Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, 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.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

- i - New Accounting Pronouncement
During 2020, the Organization adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services. Adoption of this standard had no impact on the financial statements.

- 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.

- k - Subsequent Events
The Organization has evaluated subsequent events through October 26, 2021, 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.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of December 31, 2020 and 2019 and those available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$2,759,355	\$2,439,661
Contributions receivable	140,794	55,741
Accounts receivable	<u>34,013</u>	<u>13,945</u>
Total Financial Assets	2,934,162	2,509,347
Less: Amounts not Available to be Used within One Year		
Net assets with donor restrictions, subject to the passage of time	(140,794)	(55,741)
Plus: Net assets with restrictions to be met in less than one year	<u>65,000</u>	<u>15,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$2,858,368</u>	<u>\$2,468,606</u>

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.

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Note 5 - Contributions Receivable

Contributions receivable are due as follows:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 65,000	\$15,000
Due in one to five years	<u>80,000</u>	<u>45,000</u>
	145,000	60,000
Less: Discount to present value	<u>(4,206)</u>	<u>(4,259)</u>
	<u>\$140,794</u>	<u>\$55,741</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>2020</u>	<u>2019</u>
Website	3 years	\$18,500	\$18,500
Less: Accumulated depreciation		<u>(15,417)</u>	<u>(9,250)</u>
		<u>\$ 3,083</u>	<u>\$ 9,250</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, 2020 and 2019 was \$62,515 and \$68,094, respectively.

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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, 2020 and 2019, the expense under this plan was \$32,731 and \$23,955, respectively.

Note 9 - Risks and Uncertainties

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.