

**RESOURCE GENERATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**



**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.

### **Opinion**

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of of Resource Generation, Inc. as of December 31, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of of Resource Generation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Resource Generation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Resource Generation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Resource Generation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Lotz + Carr, LLP*

**RESOURCE GENERATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 4)	\$2,969,931	\$2,759,355
Contributions receivable (Notes 1c and 5)		
With donor restrictions	94,563	140,794
Accounts receivable	3,724	69,493
Prepaid expenses and other assets	29,481	48,430
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 6)	<u>-</u>	<u>3,083</u>
 <b>Total Assets</b>	 <b><u>\$3,097,699</u></b>	 <b><u>\$3,021,155</u></b>
 <b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 147,663</u>	<u>\$ 97,469</u>
Commitments and Contingency (Notes 7 and 8)		
Net Assets		
Without donor restrictions	2,855,473	2,782,892
With donor restrictions (Note 3)	<u>94,563</u>	<u>140,794</u>
Total Net Assets	<u>2,950,036</u>	<u>2,923,686</u>
 <b>Total Liabilities and Net Assets</b>	 <b><u>\$3,097,699</u></b>	 <b><u>\$3,021,155</u></b>

See notes to financial statements.

**RESOURCE GENERATION, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Revenue and Support		
Contributions	\$3,111,771	\$2,851,507
Loss on sale of donated securities	(1,309)	(975)
Conference fees	94,330	110,214
Publication sales	266	2,817
Interest income	1,251	3,437
Miscellaneous income	1,662	10,339
	<u>3,207,971</u>	<u>2,977,339</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	65,000	15,000
	<u>65,000</u>	<u>15,000</u>
Total Revenue and Support	<u>3,272,971</u>	<u>2,992,339</u>
Expenses		
Program Services	<u>2,121,337</u>	<u>1,755,715</u>
Supporting Services		
Management and general	924,116	786,137
Fundraising	154,937	101,405
Total Supporting Services	<u>1,079,053</u>	<u>887,542</u>
Total Expenses	<u>3,200,390</u>	<u>2,643,257</u>
Increase in Net Assets Without Donor Restrictions	<u>72,581</u>	<u>349,082</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	18,769	100,053
Net assets released from restrictions	<u>(65,000)</u>	<u>(15,000)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(46,231)</u>	<u>85,053</u>
Increase in net assets	26,350	434,135
Net assets, beginning of year, as previously reported	2,888,206	2,489,551
Prior period adjustment (Note 9)	35,480	-
Net assets, beginning of year, as restated	<u>2,923,686</u>	<u>2,489,551</u>
<b>Net Assets, End of Year</b>	<u><u>\$2,950,036</u></u>	<u><u>\$2,923,686</u></u>

See notes to financial statements.

## RESOURCE GENERATION, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020			Total Expenses	
	Program Services	Supporting Services Management and General	Fundraising	Program Services	Supporting Services Management and General	Fundraising		
Salaries	\$1,138,398	\$ 447,902	\$ 103,851	\$1,690,151	\$ 964,464	\$ 326,458	\$ 70,480	\$1,361,402
Payroll taxes and employee benefits	417,961	191,869	38,485	648,315	329,084	112,729	23,059	464,872
Professional and consulting fees	262,785	141,096	636	404,517	117,280	238,410	319	356,009
Meetings and travel	43,072	31,355	210	74,637	70,430	21,667	460	92,557
Occupancy	41,004	16,424	4,101	61,529	50,106	9,683	2,726	62,515
COVID relief grants	72,090	-	-	72,090	33,290	-	-	33,290
Insurance	4,232	9,180	435	13,847	2,254	9,537	25	11,816
Staff development	29,169	17,637	-	46,806	21,708	6,213	-	27,921
Advertising	452	241	-	693	312	1,186	-	1,498
Bank fees	-	24,878	-	24,878	175	24,715	-	24,890
Computer expense	57,934	24,235	4,055	86,224	35,182	7,814	2,202	45,198
Postage and printing	523	286	71	880	6,073	399	108	6,580
Office supplies	9,763	4,332	1,196	15,291	14,943	3,820	778	19,541
Telecommunications	17,658	7,919	1,708	27,285	12,972	3,917	929	17,818
Sponsorships	21,030	-	-	21,030	93,019	-	-	93,019
Depreciation	2,076	818	189	3,083	4,369	1,479	319	6,167
Miscellaneous	3,190	5,944	-	9,134	54	18,110	-	18,164
Total Expenses	<u>\$2,121,337</u>	<u>\$ 924,116</u>	<u>\$ 154,937</u>	<u>\$3,200,390</u>	<u>\$1,755,715</u>	<u>\$ 786,137</u>	<u>\$ 101,405</u>	<u>\$2,643,257</u>

See notes to financial statements.

**RESOURCE GENERATION, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 26,350	\$ 434,135
Adjustments to reconcile increase in net assets to to net cash provided by operating activities:		
Depreciation	3,083	6,167
(Increase) decrease in:		
Contributions receivable	46,231	(85,053)
Accounts receivable	65,769	(55,548)
Prepaid expenses and other assets	18,949	12,882
Increase (decrease) in:		
Accounts payable and accrued expenses	50,194	26,956
Deferred revenue	-	(19,845)
Net Cash Provided By Operating Activities - Net	210,576	319,694
Increase in Cash and Cash Equivalents	210,576	319,694
Cash and cash equivalents, beginning of year	2,759,355	2,439,661
 <b>Cash and Cash Equivalents, End of Year</b>	 <b>\$2,969,931</b>	 <b>\$2,759,355</b>

See notes to financial statements.

**RESOURCE GENERATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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**  
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**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.

**RESOURCE GENERATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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

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 - Subsequent Events

The Organization has evaluated subsequent events through August 16, 2022, 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.

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**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Organization's financial assets as of December 31, 2021 and 2020 and those available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$2,969,931	\$2,759,355
Contributions receivable	94,563	140,794
Accounts receivable	<u>3,724</u>	<u>69,493</u>
Total Financial Assets	3,068,218	2,969,642
Less: Amounts not Available to be Used within One Year		
Net assets with donor restrictions, subject to the passage of time	(94,563)	(140,794)
Plus: Net assets with restrictions to be met in less than one year	<u>80,000</u>	<u>65,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$3,053,655</u>	<u>\$2,893,848</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>2021</u>	<u>2020</u>
Due in less than one year	\$80,000	\$ 65,000
Due in one to five years	<u>15,000</u>	<u>80,000</u>
	95,000	145,000
Less: Discount to present value	<u>(437)</u>	<u>(4,206)</u>
	<u><u>\$94,563</u></u>	<u><u>\$140,794</u></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>2021</u>	<u>2020</u>
Website	3 years	\$18,500	\$18,500
Less: Accumulated depreciation		<u>(18,500)</u>	<u>(15,417)</u>
		<u><u>\$ -</u></u>	<u><u>\$ 3,083</u></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, 2021 and 2020 was \$61,529 and \$62,515, 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, 2021 and 2020, the expense under this plan was \$65,559 and \$32,731, respectively.

**Note 9 - Prior Period Adjustment**

Net assets without donor restrictions as of January 1, 2021 were restated to reflect a refund of a previously expensed program cost.