

RESOURCE GENERATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021



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, 2022 and 2021, 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 Resource Generation, Inc. as of December 31, 2022 and 2021, 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 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 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

New York, New York
October 6, 2023

RESOURCE GENERATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents (Notes 1b and 4)	\$2,912,048	\$2,969,931
Contributions receivable (Notes 1c and 5)		
With donor restrictions	15,000	94,563
Accounts receivable	63,908	3,724
Prepaid expenses and other assets	<u>31,743</u>	<u>29,481</u>
Total Assets	<u><u>\$3,022,699</u></u>	<u><u>\$3,097,699</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 142,052</u>	<u>\$ 147,663</u>
Commitments (Notes 6 and 7)		
Net Assets		
Without donor restrictions	2,865,647	2,855,473
With donor restrictions (Note 3)	<u>15,000</u>	<u>94,563</u>
Total Net Assets	<u>2,880,647</u>	<u>2,950,036</u>
Total Liabilities and Net Assets	<u><u>\$3,022,699</u></u>	<u><u>\$3,097,699</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Contributions	\$3,364,811	\$3,111,771
Loss on sale of donated securities	(3,825)	(1,309)
Conference fees	65,229	94,330
Publication sales	-	266
Interest income	5,047	1,251
Miscellaneous income	665	1,662
	<u>3,431,927</u>	<u>3,207,971</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>80,000</u>	<u>65,000</u>
Total Revenue and Support	<u>3,511,927</u>	<u>3,272,971</u>
Expenses		
Program Services	<u>2,157,957</u>	<u>2,121,337</u>
Supporting Services		
Management and general	1,183,627	924,116
Fundraising	160,169	154,937
Total Supporting Services	<u>1,343,796</u>	<u>1,079,053</u>
Total Expenses	<u>3,501,753</u>	<u>3,200,390</u>
Increase in Net Assets Without Donor Restrictions	<u>10,174</u>	<u>72,581</u>
Changes in Net Assets With Donor Restrictions		
Contributions	437	18,769
Net assets released from restrictions	<u>(80,000)</u>	<u>(65,000)</u>
Decrease in Net Assets With Donor Restrictions	<u>(79,563)</u>	<u>(46,231)</u>
Increase (decrease) in net assets	(69,389)	26,350
Net assets, beginning of year	<u>2,950,036</u>	<u>2,923,686</u>
Net Assets, End of Year	<u><u>\$2,880,647</u></u>	<u><u>\$2,950,036</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021			Total Expenses	
	Program Services	Supporting Services		Program Services	Supporting Services			
		Management and General	Fundraising		Management and General	Fundraising		
Salaries	\$1,014,099	\$ 629,681	\$ 100,831	\$1,744,611	\$1,138,398	\$ 447,902	\$ 103,851	\$1,690,151
Payroll taxes and employee benefits	457,302	274,626	47,130	779,058	417,961	191,869	38,485	648,315
Professional and consulting fees	238,347	142,813	1,007	382,167	262,785	141,096	636	404,517
Meetings and travel	190,642	10,165	24	200,831	43,072	31,355	210	74,637
Occupancy	75,131	23,636	4,708	103,475	41,004	16,424	4,101	61,529
COVID relief grants	13,000	-	-	13,000	72,090	-	-	72,090
Insurance	2,115	11,221	127	13,463	4,232	9,180	435	13,847
Staff development	27,327	7,915	-	35,242	29,169	17,637	-	46,806
Advertising	-	2,353	-	2,353	452	241	-	693
Bank fees	-	26,534	-	26,534	-	24,878	-	24,878
Computer expense	59,072	26,957	3,962	89,991	57,934	24,235	4,055	86,224
Postage and printing	3,868	510	52	4,430	523	286	71	880
Office supplies	17,258	3,396	400	21,054	9,763	4,332	1,196	15,291
Telecommunications	19,380	11,342	1,928	32,650	17,658	7,919	1,708	27,285
Sponsorships	36,645	-	-	36,645	21,030	-	-	21,030
Depreciation	-	-	-	-	2,076	818	189	3,083
Miscellaneous	3,771	12,478	-	16,249	3,190	5,944	-	9,134
Total Expenses	<u>\$2,157,957</u>	<u>\$ 1,183,627</u>	<u>\$ 160,169</u>	<u>\$3,501,753</u>	<u>\$2,121,337</u>	<u>\$ 924,116</u>	<u>\$ 154,937</u>	<u>\$3,200,390</u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (69,389)	\$ 26,350
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	-	3,083
(Increase) decrease in:		
Contributions receivable	79,563	46,231
Accounts receivable	(60,184)	65,769
Prepaid expenses and other assets	(2,262)	18,949
Increase (decrease) in accounts payable and accrued expenses	<u>(5,611)</u>	<u>50,194</u>
Net Cash Provided (Used) By Operating Activities - Net		
Increase (Decrease) in Cash and Cash Equivalents	(57,883)	210,576
Cash and cash equivalents, beginning of year	<u>2,969,931</u>	<u>2,759,355</u>
Cash and Cash Equivalents, End of Year	<u><u>\$2,912,048</u></u>	<u><u>\$2,969,931</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 - 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.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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

d - Revenue Recognition (continued)

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

e - 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.

f - 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.

g - 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.

h - 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, 2022 AND 2021

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

i - Subsequent Events

The Organization has evaluated subsequent events through October 6, 2023, the date that the financial statements are considered available to be issued.

j - New Accounting Standard

For 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

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
DECEMBER 31, 2022 AND 2021

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of December 31, 2022 and 2021 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$2,912,048	\$2,969,931
Contributions receivable	15,000	94,563
Accounts receivable	<u>63,908</u>	<u>3,724</u>
Total Financial Assets	2,990,956	3,068,218
Less: Amounts not Available to be Used within One Year		
Net assets with donor restrictions, subject to the passage of time	(15,000)	(94,563)
Plus: Net assets with restrictions to be met in less than one year	<u>15,000</u>	<u>80,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$2,990,956</u>	<u>\$3,053,655</u>

Note 3 - Restrictions on Net 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.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 5 - Contributions Receivable

Contributions receivable are due as follows:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$15,000	\$80,000
Due in one to five years	<u>-</u>	<u>15,000</u>
	15,000	95,000
Less: Discount to present value	<u>-</u>	<u>(437)</u>
	<u>\$15,000</u>	<u>\$94,563</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 - 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, 2022 and 2021 was \$96,463 and \$61,529, respectively.

In August 2023, the Organization entered into a lease for office space, effective October 1, 2023, with a term of two years. The base monthly rent for the first and second years of the lease is \$4,000 and \$4,500, respectively.

Note 7 - 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, 2022 and 2021, the expense under this plan was \$62,674 and \$65,559, respectively.