

RESOURCE GENERATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022



LUTZ AND GARR
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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, 2023 and 2022, 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, 2023 and 2022, 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.

Lutz + Carr, LLP

New York, New York
September 27, 2024

RESOURCE GENERATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents (Notes 1b and 4)	\$1,131,337	\$2,910,288
Contributions receivable (Notes 1c and 5)		
Without donor restrictions	5,000	-
With donor restrictions	96,024	15,000
Accounts receivable	31,837	63,908
Investments (Notes 1d, 1e and 6)	1,764,899	1,760
Prepaid expenses and other assets	15,556	31,743
Operating lease right-of-use asset (Note 1f)	82,617	-
	<u> </u>	<u> </u>
Total Assets	<u><u>\$3,127,270</u></u>	<u><u>\$3,022,699</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 129,473	\$ 142,052
Operating lease liability (Notes 1f and 7)	82,992	-
Total Liabilities	<u>212,465</u>	<u>142,052</u>
Commitment (Note 8)		
Net Assets		
Without donor restrictions	2,618,781	2,865,647
With donor restrictions (Note 3)	296,024	15,000
Total Net Assets	<u>2,914,805</u>	<u>2,880,647</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$3,127,270</u></u>	<u><u>\$3,022,699</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Support		
Contributions	\$3,447,078	\$3,364,811
Conference fees	160,251	65,229
Net investment income (Note 6)	69,361	1,222
Miscellaneous income	1,397	665
	<u>3,678,087</u>	<u>3,431,927</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>15,000</u>	<u>80,000</u>
 Total Revenue and Support	 <u>3,693,087</u>	 <u>3,511,927</u>
Expenses		
Program Services	<u>2,516,982</u>	<u>2,157,957</u>
Supporting Services		
Management and general	1,140,632	1,183,627
Fundraising	282,339	160,169
Total Supporting Services	<u>1,422,971</u>	<u>1,343,796</u>
 Total Expenses	 <u>3,939,953</u>	 <u>3,501,753</u>
 Increase (Decrease) in Net Assets Without Donor Restrictions	 <u>(246,866)</u>	 <u>10,174</u>
 Changes in Net Assets With Donor Restrictions		
Contributions	296,024	437
Net assets released from restrictions	<u>(15,000)</u>	<u>(80,000)</u>
 Increase (Decrease) in Net Assets With Donor Restrictions	 <u>281,024</u>	 <u>(79,563)</u>
 Increase (decrease) in net assets	 34,158	 (69,389)
Net assets, beginning of year	<u>2,880,647</u>	<u>2,950,036</u>
 Net Assets, End of Year	 <u><u>\$2,914,805</u></u>	 <u><u>\$2,880,647</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Supporting Services			Total Expenses	Supporting Services			Total Expenses
	Program Services	Management and General	Fundraising		Program Services	Management and General	Fundraising	
Salaries	\$1,265,893	\$ 626,800	\$ 175,563	\$2,068,256	\$1,014,099	\$ 629,681	\$ 100,831	\$1,744,611
Payroll taxes and employee benefits	469,574	235,431	65,124	770,129	457,302	274,626	47,130	779,058
Professional and consulting fees	216,478	125,718	23,879	366,075	238,347	142,813	1,007	382,167
Meetings and travel	323,263	6,837	137	330,237	190,642	10,165	24	200,831
Occupancy	66,990	26,528	6,924	100,442	75,131	23,636	4,708	103,475
COVID relief grants	-	-	-	-	13,000	-	-	13,000
Insurance	3,060	10,227	393	13,680	2,115	11,221	127	13,463
Staff development	36,309	3,689	313	40,311	27,327	7,915	-	35,242
Advertising	-	582	-	582	-	2,353	-	2,353
Bank fees	-	46,634	-	46,634	-	26,534	-	26,534
Computer expense	58,870	24,627	6,812	90,309	59,072	26,957	3,962	89,991
Postage and printing	12,079	194	50	12,323	3,868	510	52	4,430
Office supplies	21,497	3,963	196	25,656	17,258	3,396	400	21,054
Telecommunications	22,732	10,298	2,948	35,978	19,380	11,342	1,928	32,650
Sponsorships	18,348	1,500	-	19,848	36,645	-	-	36,645
Miscellaneous	1,889	17,604	-	19,493	3,771	12,478	-	16,249
Total Expenses	<u>\$2,516,982</u>	<u>\$ 1,140,632</u>	<u>\$ 282,339</u>	<u>\$3,939,953</u>	<u>\$2,157,957</u>	<u>\$ 1,183,627</u>	<u>\$ 160,169</u>	<u>\$3,501,753</u>

See notes to financial statements.

RESOURCE GENERATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 34,158	\$ (69,389)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Non-cash operating lease expense	11,220	-
Realized loss on investments	638	-
Unrealized gains on investments	(45,374)	-
(Increase) decrease in:		
Contributions receivable	(86,024)	79,563
Accounts receivable	32,071	(60,184)
Prepaid expenses and other assets	16,187	(2,262)
Decrease in:		
Accounts payable and accrued expenses	(12,579)	(5,611)
Operating lease liability	(10,845)	-
Net Cash Used By Operating Activities	<u>(60,548)</u>	<u>(57,883)</u>
Cash Flows From Investing Activities		
Purchase of investments	(3,126,441)	-
Proceeds from sale of investments	1,408,038	28,227
Net Cash Provided (Used) By Investing Activities	<u>(1,718,403)</u>	<u>28,227</u>
Decrease in cash and cash equivalents	(1,778,951)	(29,656)
Cash and cash equivalents, beginning of year	<u>2,910,288</u>	<u>2,939,944</u>
Cash and Cash Equivalents, End of Year	<u><u>\$1,131,337</u></u>	<u><u>\$2,910,288</u></u>
Supplemental disclosure of non-cash investing activities:		
Operating lease right-of-use asset obtained in exchange for lease liability	<u><u>\$ 93,837</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, except for cash and short-term investments managed by the Organization's investment managers as part of their long-term investment strategies.

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 - Investments

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

d - Investments (continued)

Gains and other investment income that are limited to specific uses by donor-imposed restrictions 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 for time and purpose are reclassified to net assets without donor restrictions.

e - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

f - Operating Lease Right-of-Use Asset and Operating Lease Liability

For leases with an initial term greater than twelve months, the Organization's operating lease liability is initially recorded at the present value of the unpaid lease payments. The Organization's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, deferred rent liability and lease incentives, if any. Operating lease cost is recognized on a straight-line basis over the lease term.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

g - 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.

h - 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.

i - 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, 2023 AND 2022

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

j - 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.

k - 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.

l - Subsequent Events

The Organization has evaluated subsequent events through September 27, 2024, the date that the financial statements are considered available to be issued.

m - Prior Year Information

For comparability, certain 2022 amounts have been reclassified, where appropriate, to conform to the financial statement used in 2023.

n - New Accounting Standard

During 2023, the Organization adopted ASU 2016-13, *Current Expected Credit Losses* ("Topic 326"). The core principles of ASU 2016-13 (the "ASU") significantly change the way organizations recognize credit losses from the incurred loss model to the expected loss model for most financial assets. The financial asset held by the Organization that is subject to the ASU was accounts receivable. The adoption of the ASU did not have a significant impact to net assets.

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.

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Information Regarding Liquidity and Availability

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, 2023 and 2022 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$1,131,337	\$2,910,288
Investments	1,764,899	1,760
Contributions receivable	101,024	15,000
Accounts receivable	<u>31,837</u>	<u>63,908</u>
Total Financial Assets	3,029,097	2,990,956
Less: Amounts not Available to be Used within One Year		
Net assets with donor restrictions, subject to the passage of time	(296,024)	(15,000)
Plus: Net assets with restrictions to be met in less than one year	<u>150,000</u>	<u>15,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$2,883,073</u>	<u>\$2,990,956</u>

Note 3 - Restrictions on Net Assets

Net assets with donor restrictions are restricted for future periods and programs.

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, 2023 AND 2022

Note 5 - Contributions Receivable

Contributions receivable are due as follows:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 55,000	\$15,000
Due in one to five years	<u>50,000</u>	<u>-</u>
	105,000	15,000
Less: Discount to present value	<u>(3,976)</u>	<u>-</u>
	<u><u>\$101,024</u></u>	<u><u>\$15,000</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 4.23%.

Note 6 - Investments

Investments consist of the following at December 31:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ 92,609	\$ 92,609	\$1,760	\$1,760
Government securities	1,095,498	1,141,142	-	-
Mutual funds	475,107	475,097	-	-
Equities	30,555	30,906	-	-
Exchange-traded products	<u>25,756</u>	<u>25,145</u>	<u>-</u>	<u>-</u>
	<u><u>\$1,719,525</u></u>	<u><u>\$1,764,899</u></u>	<u><u>\$1,760</u></u>	<u><u>\$1,760</u></u>

The following summarizes investments by the Levels within the fair value hierarchy used to measure their respective fair values at December 31:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$ 92,609	\$ 92,609	\$ -	\$ -
Government securities	1,141,142	-	1,141,142	-
Mutual funds	475,097	475,097	-	-
Equities	30,906	30,906	-	-
Exchange-traded products	<u>25,145</u>	<u>25,145</u>	<u>-</u>	<u>-</u>
Total Investments	<u><u>\$1,764,899</u></u>	<u><u>\$623,757</u></u>	<u><u>\$1,141,142</u></u>	<u><u>\$ -</u></u>

RESOURCE GENERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 6 - Investments (continued)

Net investment income consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$31,821	\$5,047
Realized loss on sale of investments	(638)	(3,825)
Unrealized gain on investments	45,374	-
Investment fees	<u>(7,196)</u>	<u>-</u>
	<u>\$69,361</u>	<u>\$1,222</u>

Note 7 - Operating Lease Liabilities

In August 2023, the Organization entered into an operating lease agreement expiring September 2025 for its office space.

Operating lease expense for the year ended December 31, 2023 was \$80,500. There were no variable lease costs incurred. As of December 31, 2023, the remaining term of the Organization's operating lease is twenty-one months, and the discount rate is 5.12%.

Maturities of the Organization's operating lease liability as of December 31, 2023 are as follows:

Year ending December 31, 2024	\$48,750
Thereafter, through September 2025	<u>38,250</u>
	87,000
Less: Amount attributable to interest	<u>(4,008)</u>
	<u>\$82,992</u>

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, 2023 and 2022, the expense under this plan was \$88,740 and \$62,674, respectively.