

**FUND FOR A BETTER
FUTURE INC.**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
DECEMBER 31, 2017 AND 2016**

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Fund for a Better Future Inc.
Sacramento, California**

We have audited the accompanying financial statements of Fund for a Better Future Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

Auditor's 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 audits 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 auditor's 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.

Board of Directors
Fund for a Better Future Inc.
Page two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fund for a Better Future Inc. as of December 31, 2017 and 2016, 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.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

May 3, 2018

FUND FOR A BETTER FUTURE INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,861,631	\$ 452,577
TOTAL ASSETS	<u>\$ 1,861,631</u>	<u>\$ 452,577</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 78,469	\$ 61,897
Grants and contracts payable	14,200	47,500
Total current liabilities	<u>92,669</u>	<u>109,397</u>
NET ASSETS:		
Unrestricted	82,601	13,900
Temporarily restricted	1,686,361	329,280
Total net assets	<u>1,768,962</u>	<u>343,180</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,861,631</u>	<u>\$ 452,577</u>

FUND FOR A BETTER FUTURE INC.

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	\$ 10,684,121	\$ 1,547,400
Net assets released from restrictions	<u>(9,327,040)</u>	<u>(1,218,120)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>1,357,081</u>	<u>329,280</u>
UNRESTRICTED NET ASSETS:		
REVENUES:		
Contributions	106,442	80,049
Interest and investment income	3,993	3,377
Net assets released from restrictions	<u>9,327,040</u>	<u>1,218,120</u>
Total revenues	<u>9,437,475</u>	<u>1,301,546</u>
EXPENSES:		
Program activities	9,237,522	1,218,120
Supporting services:		
General and administrative	113,462	66,612
Fundraising	<u>17,790</u>	<u>2,914</u>
Total expenses	<u>9,368,774</u>	<u>1,287,646</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>68,701</u>	<u>13,900</u>
INCREASE IN NET ASSETS	1,425,782	343,180
NET ASSETS, Beginning of year	<u>343,180</u>	<u> </u>
NET ASSETS, End of year	<u>\$ 1,768,962</u>	<u>\$ 343,180</u>

The accompanying notes are an integral part of these financial statements.

FUND FOR A BETTER FUTURE INC.

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2017 AND 2016

2017				
	<u>Program activities</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and contracts	\$ 9,120,870	\$ 1,800		\$ 9,122,670
Contracted salaries and benefits	92,967	46,923	\$ 16,100	155,990
Professional services	2,977	47,709		50,686
Facilities	12,481	2,956	1,014	16,451
IT and website	5,077	5,442	507	11,026
Business insurance		5,595		5,595
Office expenses and supplies	1,692	1,490	169	3,351
Travel	1,458	1,547		3,005
Total	\$ 9,237,522	\$ 113,462	\$ 17,790	\$ 9,368,774
2016				
	<u>Program activities</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and contracts	\$ 700,837			\$ 700,837
Contracted salaries and benefits	35,792	\$ 31,653	\$ 2,637	70,082
Professional services		22,375		22,375
Facilities	1,891	3,965	277	6,133
IT and website		1,767		1,767
Business insurance		5,595		5,595
Office expenses and supplies		1,257		1,257
Campaign contributions	479,600			479,600
Total	\$ 1,218,120	\$ 66,612	\$ 2,914	\$ 1,287,646

The accompanying notes are an integral part of these financial statements.

FUND FOR A BETTER FUTURE INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,425,782	\$ 343,180
Reconciliation to net cash provided (used) by operating activities		
Net realized gain on investments	(2,208)	
Receipt of donated investments	(4,122,586)	
Changes in:		
Accounts payable	16,572	61,897
Grants and contracts payable	<u>(33,300)</u>	<u>47,500</u>
Net cash provided (used) by operating activities	(2,715,740)	452,577
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturity of investments	<u>4,124,794</u>	<u> </u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	1,409,054	452,577
 CASH AND CASH EQUIVALENTS, Beginning of year	<u>452,577</u>	<u> </u>
 CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,861,631</u>	<u>\$ 452,577</u>

The accompanying notes are an integral part of these financial statements.

FUND FOR A BETTER FUTURE INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Fund for a Better Future Inc. (Organization) commenced principal operations during 2016. The Organization is an independent, nonprofit organization that pools private contributions, and distributes funds to lobbying organizations and political campaigns, focusing on environmental and community health issues.

Basis of presentation – The financial statements are presented in conformity with professional standards applicable to not-for-profit entities. The Organization reports information regarding its position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization has no permanently restricted net assets.

Revenue recognition – Contributions, including grants and contracts obtained from private foundations, other nonprofit organizations, and individual donors, are recognized in full when received or unconditionally promised, in conformity with professional standards applicable to not-for-profit entities. If there are donor or grantor-imposed restrictions, the amount is initially reported as an increase in temporarily restricted net assets. When a restriction expires (generally, as payments are made to fulfill the purposes of the contribution), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents – For financial statement purposes, the Organization considers all investments with a maturity at purchase of three months or less to be cash equivalents.

Functional allocation of expenses – The Organization accounts for its expenditures in the following categories:

Program activities – Expenditures are related to grants made to other not-for-profit organizations, contracts entered into for services and contributions made to political campaigns within the scope of the Organization's areas of interest: environmental protection and community health.

General and administrative – Expenditures are related to building and maintaining an efficient business infrastructure, including oversight, business and financial management, governance, general recordkeeping, budgeting, and all management and administration, except for that which is directly attributable to the conduct of program activities.

Fundraising – Expenses are related to time spent on developing new programs, preparing proposals and soliciting contributions.

Grants awarded – The Organization recognizes grant expense at the time grant negotiations are substantially complete with the grantee and the grant award has been approved by management or the Board of Directors.

Income taxes – The Organization, a publicly supported organization, is exempt from income taxes under Internal Revenue Code Section 501(c)(4).

FUND FOR A BETTER FUTURE INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events have been evaluated through May 3, 2018, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2017 that require recognition or disclosure in the financial statements.

2. NET ASSETS

Temporarily restricted net assets consist of unexpended contributions restricted for the following programs at December 31:

	<u>2017</u>	<u>2016</u>
Healthy communities	\$ 1,460,889	\$ 174,477
Heritage outdoors project	216,842	154,803
Western energy project	<u>8,630</u>	<u> </u>
Total	<u>\$ 1,686,361</u>	<u>\$ 329,280</u>

3. CONCENTRATIONS

The Organization minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

The Organization had four major donors that accounted for 84% and 82% of total contribution revenue in 2017 and 2016, respectively.

4. RELATED PARTIES

A governing board member of the Organization is also an executive management member of Resources Legacy Fund (RLF). Additionally, the Organization, which has no employees, has entered into an agreement with RLF for shared resources of staff, office services, and technology resources.

The Organization was billed \$179,530 and \$77,966 by RLF for shared services in fiscal years 2017 and 2016, respectively. Of these amounts, due to RLF at year end was \$74,787 and \$56,707, respectively. RLF contributed \$19,382 in unrestricted funds to the Organization in 2016.

Additionally, the Organization received significant contributions from an immediate family member of a member of the Board of Directors. These contributions totaled \$2,490,311 and \$194,477 in fiscal years 2017 and 2016, respectively.