

**FUND FOR A BETTER
FUTURE INC.**

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

**YEARS ENDED
DECEMBER 31, 2018 AND 2017**

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, 2018 and 2017, 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.

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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, 2018 and 2017, 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

April 30, 2019

FUND FOR A BETTER FUTURE INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,328,418	\$ 1,861,631
Contributions receivable	<u>68,420</u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,396,838</u>	<u>\$ 1,861,631</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 21,949	\$ 78,469
Grants and contracts payable	<u>52,635</u>	<u>14,200</u>
Total current liabilities	<u>74,584</u>	<u>92,669</u>
NET ASSETS:		
Without donor restrictions	217,228	82,601
With donor restrictions	<u>1,105,026</u>	<u>1,686,361</u>
Total net assets	<u>1,322,254</u>	<u>1,768,962</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,396,838</u>	<u>\$ 1,861,631</u>

FUND FOR A BETTER FUTURE INC.

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	\$ 20,955,968	\$ 10,684,121
Net assets released from restrictions	<u>(21,537,303)</u>	<u>(9,327,040)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(581,335)</u>	<u>1,357,081</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES:		
Contributions		106,442
Interest and investment income	25,285	3,993
Net assets released from restrictions	<u>21,537,303</u>	<u>9,327,040</u>
Total revenues	<u>21,562,588</u>	<u>9,437,475</u>
EXPENSES:		
Program activities	21,262,452	9,237,522
Supporting services:		
General and administrative	155,713	113,462
Fundraising	<u>9,796</u>	<u>17,790</u>
Total expenses	<u>21,427,961</u>	<u>9,368,774</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>134,627</u>	<u>68,701</u>
INCREASE (DECREASE) IN NET ASSETS	(446,708)	1,425,782
NET ASSETS, Beginning of year	<u>1,768,962</u>	<u>343,180</u>
NET ASSETS, End of year	<u>\$ 1,322,254</u>	<u>\$ 1,768,962</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, 2018 AND 2017

2018				
	Program activities	General and administrative	Fundraising	Total
Grants and contracts	\$ 20,979,410			\$ 20,979,410
Contracted salaries and benefits	164,128	\$ 81,958	\$ 8,107	254,193
Professional services	30,903	39,866		70,769
Facilities	50,153	7,057	698	57,908
IT and website	16,975	8,477	838	26,290
Office expenses and supplies	11,061	11,928	153	23,142
Travel	9,822	832		10,654
Business insurance	<u> </u>	<u>5,595</u>	<u> </u>	<u>5,595</u>
Total	<u>\$ 21,262,452</u>	<u>\$ 155,713</u>	<u>\$ 9,796</u>	<u>\$ 21,427,961</u>
2017				
	Program activities	General and administrative	Fundraising	Total
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
Office expenses and supplies	1,692	1,490	169	3,351
Travel	1,458	1,547		3,005
Business insurance	<u> </u>	<u>5,595</u>	<u> </u>	<u>5,595</u>
Total	<u>\$ 9,237,522</u>	<u>\$ 113,462</u>	<u>\$ 17,790</u>	<u>\$ 9,368,774</u>

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (446,708)	\$ 1,425,782
Reconciliation to net cash used by operating activities		
Net realized gain on investments	(23,738)	(2,208)
Receipt of donated investments	(1,620,969)	(4,122,586)
Changes in:		
Contributions receivable	(68,420)	
Accounts payable	(56,520)	16,572
Grants and contracts payable	38,435	(33,300)
Net cash used by operating activities	<u>(2,177,920)</u>	<u>(2,715,740)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturity of investments	<u>1,644,707</u>	<u>4,124,794</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (533,213)	 1,409,054
 CASH AND CASH EQUIVALENTS, Beginning of year	 <u>1,861,631</u>	 <u>452,577</u>
 CASH AND CASH EQUIVALENTS, End of year	 <u>\$ 1,328,418</u>	 <u>\$ 1,861,631</u>

FUND FOR A BETTER FUTURE INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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 upholding democratic values, protecting the environment, improving health, and advancing social equity.

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 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 management.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires (generally, as payments are made to fulfill the purposes of the contribution), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization has no donor-imposed restrictions that are perpetual in nature.

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 net assets with donor 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 financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, facilities, IT and website, office supplies and expenses, and depreciation. Salaries and benefits are allocated based on time and effort studies. All other expenses are allocated based on the proportion of the number of program or supporting function employees benefitting from the expenses per month. 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: upholding democratic values, protecting the environment, improving health, and advancing social equity.

FUND FOR A BETTER FUTURE INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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).

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.

New Accounting Pronouncement – On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

Subsequent events have been evaluated through April 30, 2019, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2018 that require recognition or disclosure in the financial statements.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 1,328,418
Accounts receivable	<u>68,420</u>
Total financial assets	1,396,838
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose or time restrictions	<u>(1,105,026)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 291,812</u>

FUND FOR A BETTER FUTURE INC.

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The Organization is substantially supported by restricted contributions. Because donors' restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following programs at December 31:

	<u>2018</u>	<u>2017</u>
Healthy Communities	\$ 532,183	\$ 1,460,889
Climate Impact Fund	493,634	
Fund for a Better Future Issues Committee	43,342	
Other Programs	<u>35,867</u>	<u>225,472</u>
Total	<u>\$ 1,105,026</u>	<u>\$ 1,686,361</u>

4. 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 86% and 84% of total contribution revenue in 2018 and 2017, respectively.

5. 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 \$324,813 and \$179,530 by RLF for shared services in fiscal years 2018 and 2017, respectively. Of these amounts, due to RLF at year end was \$16,332 and \$74,787, respectively.

Additionally, the Organization received significant contributions from an immediate family member of a member of the Board of Directors. These contributions totaled \$724,199 and \$2,490,311 in fiscal years 2018 and 2017, respectively.