

**FUND FOR A BETTER
FUTURE INC.**

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

**YEARS ENDED
DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, 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, 2019 and 2018, 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.

A handwritten signature in black ink that reads "Gilbert CPAs". The signature is written in a cursive, flowing style.

GILBERT CPAs
Sacramento, California

April 29, 2020

FUND FOR A BETTER FUTURE INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 972,263	\$ 1,328,418
Contributions receivable	<u>200,000</u>	<u>68,420</u>
TOTAL ASSETS	<u>\$ 1,172,263</u>	<u>\$ 1,396,838</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 15,641	\$ 21,949
Grants and contracts payable	<u> </u>	<u>52,635</u>
Total current liabilities	<u>15,641</u>	<u>74,584</u>
NET ASSETS:		
Without donor restrictions	276,590	217,228
With donor restrictions	<u>880,032</u>	<u>1,105,026</u>
Total net assets	<u>1,156,622</u>	<u>1,322,254</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,172,263</u>	<u>\$ 1,396,838</u>

FUND FOR A BETTER FUTURE INC.

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	\$ 17,978,386	\$ 20,955,968
Net assets released from restrictions	<u>(18,203,380)</u>	<u>(21,537,303)</u>
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(224,994)</u>	<u>(581,335)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUES:		
Interest income	71,816	25,285
Net assets released from restrictions	<u>18,203,380</u>	<u>21,537,303</u>
Total revenues	<u>18,275,196</u>	<u>21,562,588</u>
EXPENSES:		
Program activities	18,004,393	21,262,452
Supporting services:		
General and administrative	198,253	155,713
Fundraising	<u>13,188</u>	<u>9,796</u>
Total expenses	<u>18,215,834</u>	<u>21,427,961</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>59,362</u>	<u>134,627</u>
DECREASE IN NET ASSETS	(165,632)	(446,708)
NET ASSETS, Beginning of year	<u>1,322,254</u>	<u>1,768,962</u>
NET ASSETS, End of year	<u>\$ 1,156,622</u>	<u>\$ 1,322,254</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, 2019 AND 2018

	2019			
	<u>Program activities</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and contracts	\$ 17,932,193			\$ 17,932,193
Contracted salaries and benefits	45,744	\$ 103,246	\$ 8,431	157,421
Facilities	14,845	33,506	2,736	51,087
IT and website	8,931	20,157	1,646	30,734
Professional services	958	28,053		29,011
Office expenses and supplies	1,722	3,886	317	5,925
Business insurance		5,673		5,673
Travel		3,732	58	3,790
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Total	<u>\$ 18,004,393</u>	<u>\$ 198,253</u>	<u>\$ 13,188</u>	<u>\$ 18,215,834</u>

	2018			
	<u>Program activities</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and contracts	\$ 20,979,410			\$ 20,979,410
Contracted salaries and benefits	164,128	\$ 81,958	\$ 8,107	254,193
Facilities	50,153	7,057	698	57,908
IT and website	16,975	8,477	838	26,290
Professional services	30,903	39,866		70,769
Office expenses and supplies	11,061	11,928	153	23,142
Business insurance		5,595		5,595
Travel	9,822	832		10,654
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Total	<u>\$ 21,262,452</u>	<u>\$ 155,713</u>	<u>\$ 9,796</u>	<u>\$ 21,427,961</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (165,632)	\$ (446,708)
Reconciliation to net cash used by operating activities		
Receipt of donated investments	(2,671,771)	(1,644,707)
Changes in:		
Contributions receivable	(131,580)	(68,420)
Accounts payable	(6,308)	(56,520)
Grants and contracts payable	<u>(52,635)</u>	<u>38,435</u>
Net cash used by operating activities	(3,027,926)	(2,177,920)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturity of investments	<u>2,671,771</u>	<u>1,644,707</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(356,155)	(533,213)
 CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,328,418</u>	<u>1,861,631</u>
 CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 972,263</u></u>	<u><u>\$ 1,328,418</u></u>

FUND FOR A BETTER FUTURE INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 organizations and political campaigns, focusing on upholding democratic values, protecting the environment, promoting 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 accordance with professional standards. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization did not have any unrecognized conditional contributions at December 31, 2019 or 2018. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose.

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, and office supplies and expenses. Salaries and benefits are allocated based on time and effort. All other expenses are allocated based on the proportion of the number of programs 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, 2019 AND 2018

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 – In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (*Topic 958*), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new accounting standard clarifies and improves the guidance for (1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization has implemented this accounting standard in the accompanying financial statements effective January 1, 2019 under the modified prospective basis for all transactions for which they serve as the resource recipient. Accordingly, there is no effect on beginning net assets in connection with the implementation of ASU 2018-08. For transactions in which the Organization serves as the resource provider, application of this statement is effective for the year ending December 31, 2020. The Organization is currently evaluating the impact this pronouncement will have on transactions in which they serve as the resource provider.

Reclassification – Certain prior year financial statement amounts have been reclassified to conform with current year presentation.

Subsequent events have been evaluated through April 29, 2020, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2019, that require recognition or disclosure in the financial statements.

FUND FOR A BETTER FUTURE INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 972,263	\$ 1,328,418
Contributions receivable	<u>200,000</u>	<u>68,420</u>
Total financial assets	1,172,263	1,396,838
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	<u>(880,032)</u>	<u>(1,105,026)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 292,231</u>	<u>\$ 291,812</u>

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>2019</u>	<u>2018</u>
Healthy Communities	\$ 652,351	\$ 532,183
Climate Impact Fund	150,000	493,634
Fund for a Better Future Campaigns	42,384	43,342
Other Programs	<u>35,297</u>	<u>35,867</u>
Total	<u>\$ 880,032</u>	<u>\$ 1,105,026</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 two major donors that accounted for 94% of total contribution revenue in 2019, and four major donors that accounted for 86% of total contribution revenue in 2018.

FUND FOR A BETTER FUTURE INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 \$208,508 and \$324,813 by RLF for shared services in 2019 and 2018, respectively. Of these amounts, due to RLF at year end was \$13,940 and \$16,332, respectively.

Additionally, the Organization received significant contributions from an immediate family member of a member of the Board of Directors. These contributions totaled \$2,168,338 and \$724,199 in 2019 and 2018, respectively.