

**FUND FOR A BETTER  
FUTURE INC.**

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

**YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

## **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, 2020 and 2019, 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.  
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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, 2020 and 2019, 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 14, 2021**

# FUND FOR A BETTER FUTURE INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 851,140	\$ 972,263
Contributions receivable		200,000
Total current assets	<u>851,140</u>	<u>1,172,263</u>
<b>INVESTMENT</b>	<u>2,823,000</u>	
<b>TOTAL ASSETS</b>	<u>\$ 3,674,140</u>	<u>\$ 1,172,263</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	<u>\$ 24,987</u>	<u>\$ 15,641</u>
<b>NET ASSETS:</b>		
Without donor restrictions	503,030	276,590
With donor restrictions	<u>3,146,123</u>	<u>880,032</u>
Total net assets	<u>3,649,153</u>	<u>1,156,622</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,674,140</u>	<u>\$ 1,172,263</u>

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

# FUND FOR A BETTER FUTURE INC.

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions	\$ 35,026,246	\$ 17,978,386
Net assets released from restrictions	<u>(32,760,155)</u>	<u>(18,203,380)</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>2,266,091</u>	<u>(224,994)</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES:</b>		
Contributions	104,854	
Contract revenue	4,200	
Interest income	19,832	71,816
Net assets released from restrictions	<u>32,760,155</u>	<u>18,203,380</u>
Total revenues	<u>32,889,041</u>	<u>18,275,196</u>
<b>EXPENSES:</b>		
Program activities	32,477,342	18,004,393
Supporting services:		
General and administrative	170,216	198,253
Fundraising	<u>15,043</u>	<u>13,188</u>
Total expenses	<u>32,662,601</u>	<u>18,215,834</u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>226,440</u>	<u>59,362</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	2,492,531	(165,632)
<b>NET ASSETS, Beginning of year</b>	<u>1,156,622</u>	<u>1,322,254</u>
<b>NET ASSETS, End of year</b>	<u>\$ 3,649,153</u>	<u>\$ 1,156,622</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, 2020 AND 2019

2020				
	<b><u>Program activities</u></b>	<b><u>General and administrative</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Grants and contracts	\$ 32,410,000			\$ 32,410,000
Contracted salaries and benefits	42,902	\$ 76,804	\$ 9,583	129,289
Facilities	17,369	31,094	3,880	52,343
Professional services		43,236		43,236
IT and website	4,609	8,252	1,030	13,891
Office expenses and supplies	2,462	4,408	550	7,420
Business insurance		5,742		5,742
Travel		680		680
Total	<b><u>\$ 32,477,342</u></b>	<b><u>\$ 170,216</u></b>	<b><u>\$ 15,043</u></b>	<b><u>\$ 32,662,601</u></b>
2019				
	<b><u>Program activities</u></b>	<b><u>General and administrative</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
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
Professional services	958	28,053		29,011
IT and website	8,931	20,157	1,646	30,734
Office expenses and supplies	1,722	3,886	317	5,925
Business insurance		5,673		5,673
Travel		3,732	58	3,790
Total	<b><u>\$ 18,004,393</u></b>	<b><u>\$ 198,253</u></b>	<b><u>\$ 13,188</u></b>	<b><u>\$ 18,215,834</u></b>

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, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 2,492,531	\$ (165,632)
Reconciliation to net cash used by operating activities		
Receipt of donated investments	(326,465)	(2,671,771)
Changes in:		
Contributions receivable	200,000	(131,580)
Accounts payable	9,346	(6,308)
Grants and contracts payable	_____	(52,635)
Net cash provided (used) by operating activities	<u>2,375,412</u>	<u>(3,027,926)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(2,823,000)	
Proceeds from sales and maturity of investments	<u>326,465</u>	<u>2,671,771</u>
Net cash provided (used) by investing activities	<u>(2,496,535)</u>	<u>2,671,771</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(121,123)	(356,155)
 <b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>972,263</u>	<u>1,328,418</u>
 <b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 851,140</u>	<u>\$ 972,263</u>

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

# FUND FOR A BETTER FUTURE INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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### 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, 2020 or 2019. 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.

The Organization's revenue from contracts with customers consists of agreements entered into where each party receives commensurate value. Revenue is recognized as the Organization satisfies various performance obligations outlined in the agreements. Payment terms are outlined in the agreements and vary based on the objectives and structure of the contracts. For the year ended December 31, 2020, all revenue from contracts were recognized at the point in time in which the required performance obligations were met.

**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.

**Investment** is stated at fair value. Changes in fair value and realized gains and losses are included in investment income. There were no changes in fair value of realized gains or losses in the year ended December 30, 2020.



# FUND FOR A BETTER FUTURE INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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**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 contracted salaries and benefits, facilities, IT and website, and office supplies and expenses. Contracted 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.

**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. Grants that have been determined to be conditional, which depend on the occurrence of specified uncertain events, are not recorded until the conditions have been met. There were no outstanding conditional grants at December 30, 2020.

**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.

**Fair value measurements** – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

# FUND FOR A BETTER FUTURE INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the assets or liabilities.

**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, 2020 under the modified prospective basis for all transactions for which they serve as the resource provider. Accordingly, there is no effect on beginning net assets in connection with the implementation of ASU 2018-08.

**Subsequent events** have been evaluated through April 14, 2021, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since December 31, 2020, 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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 851,140	\$ 972,263
Investment	2,823,000	
Contributions receivable	<u>                    </u>	<u>200,000</u>
Total financial assets	3,674,140	1,172,263
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	<u>(3,146,123)</u>	<u>(880,032)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 528,017</u>	<u>\$ 292,231</u>

# FUND FOR A BETTER FUTURE INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Climate Impact Fund	\$ 2,869,500	\$ 150,000
Healthy Communities	198,942	652,351
Fund for a Better Future Campaigns	42,384	42,384
Other Programs	<u>35,297</u>	<u>35,297</u>
Total	<u>\$ 3,146,123</u>	<u>\$ 880,032</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 84% of total contribution revenue in 2020, and two major donors that accounted for 94% of total contribution revenue in 2019.

### 5. INVESTMENT

The Organization's investment for program related and impact investing purposes at December 31, 2020 consists of common shares in a privately held company without readily determinable fair value as it is not traded in active markets. As such, this investment is classified in Level 3 of the fair value hierarchy.

The Organization adjusts the carrying value of non-marketable equity securities up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer, and for impairment, if any (referred to as the measurement alternative). All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in the statement of activities as changes in the appropriate class of net assets based on whether or not a donor-imposed restriction exists.

As of December 31, 2020, non-marketable equity securities had a carrying value of \$2,823,000. No remeasurement was deemed necessary during the year ended December 31, 2020.

# FUND FOR A BETTER FUTURE INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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### 6. 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 \$195,523 and \$208,508 by RLF for shared services in 2020 and 2019, respectively. Of these amounts, due to RLF at year end was \$20,366 and \$13,940, respectively.

Additionally, the Organization received significant contributions from an immediate family member of a member of the Board of Directors. These contributions totaled \$223,746 and \$2,168,338 in 2020 and 2019, respectively.

### 7. RISKS AND UNCERTAINTIES

As a result of the ongoing COVID-19 pandemic, economic uncertainties have arisen which could have a negative impact on the Organization through business disruption or decreases in funding. While the impact is expected to be temporary, there is considerable uncertainty around the duration of the impact. Therefore, the potential financial impact and duration cannot be reasonably estimated at this time.