

**RESOURCES LEGACY FUND**

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

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

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
Resources Legacy Fund  
Sacramento, California**

We have audited the accompanying consolidated financial statements of Resources Legacy Fund and Resources Legacy Fund Foundation (collectively, the Fund), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Fund as of December 31, 2019 and 2018, and the changes in their net assets and their 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 6, 2020**

# RESOURCES LEGACY FUND

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 12,146,907	\$ 20,543,772
Short-term investments	29,446,838	20,634,611
Current portion of contributions receivable	8,384,819	5,070,918
Prepaid expenses and other assets	<u>819,703</u>	<u>372,184</u>
Total current assets	50,798,267	46,621,485
<b>INVESTMENTS</b>	66,977,084	62,999,866
<b>CONTRIBUTIONS RECEIVABLE, Net</b>	1,724,055	1,645,000
<b>EQUIPMENT AND FURNITURE, Net</b>	<u>271,462</u>	<u>244,088</u>
<b>TOTAL ASSETS</b>	<u>\$ 119,770,868</u>	<u>\$ 111,510,439</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 99,934	\$ 103,348
Current portion of grants and contracts payable	5,416,053	6,103,795
Accrued expenses	1,545,066	1,370,842
Current portion of deferred rent	<u>33,780</u>	<u>24,062</u>
Total current liabilities	7,094,833	7,602,047
<b>DEFERRED RENT, Net</b>	111,719	145,449
<b>GRANTS AND CONTRACTS PAYABLE, Net</b>	<u>150,000</u>	<u>225,000</u>
Total liabilities	<u>7,356,552</u>	<u>7,972,496</u>
<b>NET ASSETS:</b>		
Without donor restrictions	4,425,683	5,136,000
With donor restrictions	<u>107,988,633</u>	<u>98,401,943</u>
Total net assets	<u>112,414,316</u>	<u>103,537,943</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 119,770,868</u>	<u>\$ 111,510,439</u>

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

# RESOURCES LEGACY FUND

## CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions	\$ 42,878,225	\$ 48,256,351
Interest and investment income (loss)	7,345,153	(1,769,488)
Net assets released from restrictions	<u>(40,636,688)</u>	<u>(38,505,170)</u>
<b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>9,586,690</u>	<u>7,981,693</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES:</b>		
Contributions	239,686	2,034,997
Contracts	757,478	361,626
Interest and investment income	737,635	386,281
Net assets released from restrictions	<u>40,636,688</u>	<u>38,505,170</u>
Total revenues	<u>42,371,487</u>	<u>41,288,074</u>
<b>EXPENSES:</b>		
Program services:		
Conservation	40,036,001	39,177,684
Supporting services:		
General and administrative	2,787,041	2,437,586
Fundraising	<u>258,762</u>	<u>347,665</u>
Total supporting services	<u>3,045,803</u>	<u>2,785,251</u>
Total expenses	<u>43,081,804</u>	<u>41,962,935</u>
<b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>(710,317)</u>	<u>(674,861)</u>
<b>INCREASE IN NET ASSETS</b>	8,876,373	7,306,832
<b>NET ASSETS, Beginning of year</b>	<u>103,537,943</u>	<u>96,231,111</u>
<b>NET ASSETS, End of year</b>	<u>\$ 112,414,316</u>	<u>\$ 103,537,943</u>

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

## RESOURCES LEGACY FUND

### CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			
	<u>Conservation program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and contracts	\$ 26,117,952	\$ 200,000		\$ 26,317,952
Salaries and benefits	11,454,968	1,954,623	\$ 203,950	13,613,541
Travel	838,728	70,228	8,071	917,027
Facilities	658,110	122,183	24,151	804,444
IT and website	276,701	118,648	12,227	407,576
Professional services	271,914	99,945		371,859
Office supplies and expenses	170,363	84,401	7,962	262,726
Conferences and meetings	174,264	12,100		186,364
Business insurance	18,659	101,620		120,279
Depreciation expense	<u>54,342</u>	<u>23,293</u>	<u>2,401</u>	<u>80,036</u>
Total	<u>\$ 40,036,001</u>	<u>\$ 2,787,041</u>	<u>\$ 258,762</u>	<u>\$ 43,081,804</u>
	2018			
	<u>Conservation program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and contracts	\$ 27,965,422	\$ 174,000	\$ 85,000	\$ 28,224,422
Salaries and benefits	9,455,233	1,540,975	221,285	11,217,493
Travel	558,430	157,491	1,633	717,554
Facilities	490,429	107,278	23,433	621,140
IT and website	190,271	89,208	8,644	288,123
Professional services	235,589	181,973		417,562
Office supplies and expenses	145,771	59,328	6,527	211,626
Conferences and meetings	88,434	14,814	70	103,318
Business insurance	23,319	102,603		125,922
Depreciation expense	<u>24,786</u>	<u>9,916</u>	<u>1,073</u>	<u>35,775</u>
Total	<u>\$ 39,177,684</u>	<u>\$ 2,437,586</u>	<u>\$ 347,665</u>	<u>\$ 41,962,935</u>

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

## RESOURCES LEGACY FUND

### CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 8,876,373	\$ 7,306,832
Reconciliation to net cash provided by operating activities:		
Depreciation	80,036	35,775
Net realized and unrealized (gain) loss on investments	(5,478,238)	3,590,392
Receipt of donated investments	(2,020,364)	(4,297,347)
Changes in:		
Contributions receivable	(3,392,956)	(3,098,399)
Prepaid expenses and other assets	(447,519)	(286)
Accounts payable	(3,414)	(25)
Grants and contracts payable	(762,742)	(1,791,711)
Accrued expenses	174,224	320,762
Deferred rent	(24,012)	(13,915)
Net cash provided (used) by operating activities	<u>(2,998,612)</u>	<u>2,052,078</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(107,410)	(248,884)
Purchases of investments	(74,349,880)	(46,832,678)
Proceeds from sales and maturity of investments	<u>69,059,037</u>	<u>58,224,576</u>
Net cash provided (used) by investing activities	<u>(5,398,253)</u>	<u>11,143,014</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (8,396,865)	 13,195,092
 <b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	 <u>20,543,772</u>	 <u>7,348,680</u>
 <b>CASH AND CASH EQUIVALENTS, End of year</b>	 <u>\$ 12,146,907</u>	 <u>\$ 20,543,772</u>

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

# RESOURCES LEGACY FUND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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### 1. OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Resources Legacy Fund is an independent, nonprofit organization that provides services to philanthropic institutions and individuals to achieve significant conservation goals. Pooling private contributions and leveraging public funding, Resources Legacy Fund designs and administers strategic programs related to land, ocean, and water resources and engaging economically and ethnically diverse communities as it fosters new funding and better policies for environmental protection and climate change adaptation. Resources Legacy Fund makes grants and enters into contracts for land acquisition, research, policy, outreach and education, capacity building, planning, communications, and stewardship and restoration activities.

The accompanying financial statements reflect the consolidation of Resources Legacy Fund and Resources Legacy Fund Foundation (the Foundation). The Foundation is a nonprofit corporation established to support, perform essential services for, and operate for the benefit of Resources Legacy Fund. Subsequent to December 31, 2019, the Foundation was dissolved.

Resources Legacy Fund and the Foundation (collectively, the Fund) share common management and Board of Directors. Material transactions between entities have been eliminated in consolidation.

**Basis of presentation** – The consolidated financial statements are presented in conformity with professional standards applicable to not-for-profit entities. The Fund reports information regarding its consolidated 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 Fund has no donor-imposed restrictions that are perpetual in nature.

**Revenue recognition** – Contributions are recognized in full when received or unconditionally promised, in conformity with professional standards applicable to not-for-profit entities. Conditional contributions are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the condition. 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.



# RESOURCES LEGACY FUND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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The Fund's revenue from contracts with customers consists of agreements entered into where each party receives commensurate value. Revenue is recognized as the Fund 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 years ended December 31, 2019 and 2018, 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 Fund considers all investments with a maturity at purchase of three months or less to be cash equivalents.

**Long-term contributions receivable** are expected to be received within five years.

**Investments** are stated at fair value. Changes in fair value and realized gains and losses are included in investment income.

**Equipment and furniture** are stated at cost and depreciated using the straight-line method over estimated useful lives of three to ten years. The Fund's policy is to capitalize such items with a cost of \$2,000 or more. Accumulated depreciation totaled \$292,212 and \$212,176 at December 31, 2019 and 2018, respectively.

**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 benefiting from the expenses per month. The Fund accounts for its expenditures in the following categories:

**Conservation** – Expenditures are related to a broad range of activities necessary to accomplish the Fund's programs related to land, marine, and water resources conservation; climate changes, healthy communities, and social equity. These include retaining a range of specialists to develop strategies; carry out policy, education, and communications activities; perform scientific research; and restore and monitor land and ocean resources. These also include granting to nonprofit entities to carry out strategic planning, land acquisition, restoration and stewardship, capacity building, outreach, education, communications, policy, and other program activities.

**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 related to fundraising or is directly attributable to the conduct of conservation program services.

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

# RESOURCES LEGACY FUND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

**Income taxes** – Resources Legacy Fund, a publicly supported organization, and the Foundation are exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Foundation is classified as a supporting organization of Resources Legacy Fund.

**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 Pronouncements** – In May 2014, the Financial Accounting Standards Board (FASB) issued Topic 606, *Revenue from Contracts with Customers*. The new accounting standard develops a common standard that will remove inconsistencies in revenue requirements, improve comparability of revenue recognition practices, provide more useful information to users of financial statements and simplify the preparation of financial statements. The Fund has implemented Topic 606 effective January 1, 2019 for all open contracts with no effect on beginning net assets.

In June 2018, the FASB 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 Fund has implemented this accounting standard in the accompanying financial statements effective January 1, 2019 under the modified prospective basis for all transaction 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 Fund serves as the resource provider, application of this statement is effective for the year ending December 31, 2020. The Fund is currently evaluating the impact this pronouncement will have on transactions in which the Fund serves as the resource provider.

**Future Accounting Pronouncement** – In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new accounting standard requires lessees to recognize a lease liability measured on a discounted basis and a right-of-use asset for all leases with terms longer than 12 months. Application of this statement is effective for the year ending December 31, 2021. The Fund is currently evaluating the impact this pronouncement will have on the financial statements.

**Subsequent events** have been evaluated through April 6, 2020, the date the consolidated 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.

**Reclassifications** – Certain 2018 amounts have been reclassified to conform to the 2019 financial statement presentation.

# RESOURCES LEGACY FUND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

**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).

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.

## 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Fund'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	\$ 12,146,907	\$ 20,543,772
Investments	96,423,922	83,634,477
Contributions receivable	<u>10,108,874</u>	<u>6,715,918</u>
Total financial assets	118,679,703	110,894,167
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	(107,988,633)	(98,401,943)
Board-designated funds	<u>(4,425,683)</u>	<u>(5,136,000)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 6,265,387</u>	<u>\$ 7,356,224</u>

The Fund is substantially supported by restricted contributions. Because donor's restriction requires resources to be used in a particular manner or in a future period, the Fund 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. All of the Fund's investments are highly liquid or may be redeemed either at a future specified redemption dates or currently by incurring a penalty. In addition, the Fund invests cash in excess of daily requirements in short-term investments.

# RESOURCES LEGACY FUND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

As part of the Fund'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. All board-designated funds can be made available to meet operating needs if necessary.

### 3. INVESTMENTS

The Fund's mutual funds and exchange traded funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets for identical assets. Corporate bonds and government securities are classified within Level 2 of the fair value hierarchy because they are valued using alternative pricing methods using observable inputs, such as current interest rates. Investments consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Government asset backed debt securities	\$ 14,660,522	\$ 13,564,781
Corporate bonds	17,927,078	9,080,299
Government debt securities	1,911,850	3,003,610
Mutual funds – fixed income	41,046,359	38,574,777
Mutual funds – equity	19,693,537	18,278,908
Exchange traded funds	<u>1,184,576</u>	<u>1,132,102</u>
Total	<u>\$ 96,423,922</u>	<u>\$ 83,634,477</u>

### 4. CONDITIONAL PROMISES TO GIVE

During 2018, the Fund received a \$2,749,534 conditional grant and met program initiatives and milestones required to recognize \$401,294 and \$401,294 in revenue in 2019 and 2018. The remaining \$1,946,946 has not been recognized as revenue in the financial statements as of December 31, 2019. No other conditional promises to give were received in the year ended December 31, 2019.

### 5. LEASE COMMITMENTS

The Fund leases certain office space and equipment under non-cancelable operating lease agreements which expire through 2023. The Fund has an operating lease for office space, which is held with Resources Law Group (RLG) whose partner is the president of the Fund. Rental expense was \$816,851 and \$665,594 for the years ended December 31, 2019 and 2018, respectively. Future minimum lease payments are as follows:

<u>Year ending December 31:</u>	
2020	\$ 737,032
2021	550,670
2022	552,765
2023	<u>115,985</u>
Total	<u>\$ 1,956,452</u>

# RESOURCES LEGACY FUND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### 6. NET ASSETS

Net assets without donor restrictions are designated for the following at December 31:

	<u>2019</u>	<u>2018</u>
Operating reserve	\$ 3,304,362	\$ 3,137,385
Designated for various conservation programs	<u>1,121,321</u>	<u>1,998,615</u>
Total	<u>\$ 4,425,683</u>	<u>\$ 5,136,000</u>

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

	<u>2019</u>	<u>2018</u>
Open Rivers Fund	\$ 48,344,905	\$ 47,004,890
Northwest Mexico Land Conservation	15,872,806	16,240,193
California Conservation Innovations	6,501,902	6,533,541
Coalition to Expand Contraceptive Access	3,853,424	
Wildlands Acquisition Program	2,740,719	1,332,631
Western Energy Project	2,662,839	2,344,414
Biological Diversity Project	2,292,594	1,613,610
Center for Western Priorities	2,185,718	1,655,958
Parks California	1,808,365	34,664
Sustaining California's Ocean	1,790,465	1,060,420
Program Expansion Fund	1,778,140	1,701,942
Ocean Defense Initiative	1,374,521	1,903,988
Boreal Strategic Advisors	1,354,412	980,398
Fair Census Project	1,301,954	
Fisheries Improvement Strategy	1,231,773	273,622
San Francisco Baylands Restoration	1,021,603	1,038,878
Collective Action Fund	1,010,367	1,885,936
Western Communications Hub	969,529	1,249,231
National Ocean Protection Coalition	903,068	768,086
California Coastal Program	861,538	524,749
Land-Sea Connection	834,232	821,026
Public Land Stewardship	830,320	
Student Borrower Protection Center	792,855	1,008,498
Bay Area Conservation Initiative	787,898	1,116,723
Litigation Clearinghouse	729,037	786,569
Decreasing Impacts from Roads and Travel	595,526	760,705
Canada and Mexico Protected Area Fund	498,273	698,862
Parks Forward Initiative Implementation	463,602	828,539
Transportation, Housing, and Land Use	298,310	
Campaign for Nature Communications	272,056	156,921
Oregon Conservation Program	265,636	102,134
Other land and resource conservation programs	<u>1,760,246</u>	<u>3,974,814</u>
Total	<u>\$ 107,988,633</u>	<u>\$ 98,401,942</u>

# RESOURCES LEGACY FUND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### 7. CONCENTRATIONS

The Fund 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 Fund's deposits held with financial institutions in excess of federal depository insurance limits were \$12,297,066 and \$20,875,905 as of December 31, 2019 and 2018, respectively. The Fund has not experienced any losses in such accounts and management believes the Fund is not exposed to any significant credit risk related to cash.

The Fund had four major donors that accounted for 51% of total contributions in 2019 and three major donors that accounted for 59% of total contribution revenues in 2018.

### 8. RETIREMENT PLAN

The Fund sponsors a 403(b) retirement plan under which the Fund makes a safe harbor matching contribution and may also make discretionary contributions. Under this plan, employees may participate beginning on the first day of the month following employment. For 2019 and 2018, the Fund made safe harbor matching contributions of 100% of the first 5% of eligible compensation. The Fund also elected to make a 3% discretionary contribution of eligible compensation. Under this plan, employees are 100% vested in safe harbor contributions, and vest in 50% increments per year, over two years, in all other employer contributions. Contributions made to the plan totaled \$732,453 and \$612,031 for 2019 and 2018, respectively.

### 9. RELATED PARTY

The president of the Fund is also the president of Fund for a Better Future, Inc. (FBF), Shared Ascent Fund, and a partner at Resources Law Group (RLG). The Fund has an agreement with FBF, SAF, and RLG to share resources of staff, office services, and technology resources. Additionally, the Fund subleases office space from RLG and pays monthly rent to the landlord based on a proportionate share of space. The Fund received the following reimbursements for shared services during 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Resources Law Group	\$ 242,703	\$ 230,974
Fund for a Better Future, Inc.	208,508	324,813
Shared Ascent Fund	<u>2,975</u>	<u>          </u>
Total	<u>\$ 454,186</u>	<u>\$ 555,787</u>

The Fund did not contribute any funds to FBF or SAF in 2019 and contributed \$165,000 in funds with donor restrictions to FBF in 2018.