

**FINANCIAL STATEMENTS**

**RESOURCES LEGACY FUND**

**FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

# RESOURCES LEGACY FUND

## CONTENTS

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of December 31, 2023 and 2022	4
EXHIBIT B - Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2023	5
EXHIBIT C - Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2022	6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended December 31, 2023	7
EXHIBIT E - Statement of Functional Expenses, for the Year Ended December 31, 2022	8
EXHIBIT F - Statements of Cash Flows, for the Years Ended December 31, 2023 and 2022	9
NOTES TO FINANCIAL STATEMENTS	10 - 20



## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Resources Legacy Fund  
Sacramento, California

#### **Opinion**

We have audited the accompanying financial statements of the Resources Legacy Fund (the Fund), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2023 and 2022, 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.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • WWW.GRFCPA.COM

---

MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL  
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

June 10, 2024

**RESOURCES LEGACY FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2023 AND 2022**

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 52,005,331	\$ 43,131,359
Short-term investments	29,618,397	20,944,386
Accounts and other receivables	371,029	848,620
Grants and contributions receivable	17,883,819	2,805,959
Prepaid expenses	<u>369,999</u>	<u>298,203</u>
Total current assets	<u>100,248,575</u>	<u>68,028,527</u>
<b>FIXED ASSETS</b>		
Fixed assets, net	<u>1,266,845</u>	<u>29,110</u>
<b>NONCURRENT ASSETS</b>		
Right-of-use asset, net	3,092,335	423,473
Investments, net	56,813,419	51,823,887
Grants and contributions receivable, net	<u>13,307,121</u>	<u>1,365,000</u>
Total noncurrent assets	<u>73,212,875</u>	<u>53,612,360</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 174,728,294</u></b>	<b><u>\$ 121,669,997</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 125,501	\$ 186,276
Grants payable	4,937,900	2,764,622
Contracts payable	1,428,718	1,841,204
Accrued salaries and related benefits	2,851,586	2,687,194
Deferred revenue	-	125,000
Operating lease liability	<u>69,979</u>	<u>226,317</u>
Total current liabilities	<u>9,413,684</u>	<u>7,830,613</u>
<b>NONCURRENT LIABILITIES</b>		
Grants payable, net	200,000	35,000
Operating lease liability, net	<u>3,749,725</u>	<u>202,334</u>
Total noncurrent liabilities	<u>3,949,725</u>	<u>237,334</u>
Total liabilities	<u>13,363,409</u>	<u>8,067,947</u>
<b>NET ASSETS</b>		
Without donor restrictions	9,680,176	7,238,405
With donor restrictions	<u>151,684,709</u>	<u>106,363,645</u>
Total net assets	<u>161,364,885</u>	<u>113,602,050</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 174,728,294</u></b>	<b><u>\$ 121,669,997</u></b>

See accompanying notes to financial statements.

## RESOURCES LEGACY FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants and contributions	\$ 2,569,166	\$ 119,427,036	\$ 121,996,202
Contracts	1,981,894	-	1,981,894
Net investment return	2,046,944	7,428,201	9,475,145
Rental income	34,971	-	34,971
Net assets released from donor restrictions	<u>77,204,173</u>	<u>(77,204,173)</u>	<u>-</u>
Total support and revenue	<u>83,837,148</u>	<u>49,651,064</u>	<u>133,488,212</u>
<b>EXPENSES</b>			
Program Services	<u>74,852,048</u>	<u>-</u>	<u>74,852,048</u>
Supporting Services:			
General and Administrative	5,925,773	-	5,925,773
Fundraising	<u>617,556</u>	<u>-</u>	<u>617,556</u>
Total supporting services	<u>6,543,329</u>	<u>-</u>	<u>6,543,329</u>
Total expenses	<u>81,395,377</u>	<u>-</u>	<u>81,395,377</u>
Changes in net assets before other item	2,441,771	49,651,064	52,092,835
<b>OTHER ITEM</b>			
Program transfer	<u>-</u>	<u>(4,330,000)</u>	<u>(4,330,000)</u>
Changes in net assets	2,441,771	45,321,064	47,762,835
Net assets at beginning of year	<u>7,238,405</u>	<u>106,363,645</u>	<u>113,602,050</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 9,680,176</u></b>	<b><u>\$ 151,684,709</u></b>	<b><u>\$ 161,364,885</u></b>

## RESOURCES LEGACY FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants and contributions	\$ 1,198,135	\$ 85,964,143	\$ 87,162,278
Contracts	1,900,315	-	1,900,315
Net investment return	(49,037)	(7,769,721)	(7,818,758)
Rental income	205,977	-	205,977
Net assets released from donor restrictions	<u>87,846,331</u>	<u>(87,846,331)</u>	<u>-</u>
Total support and revenue	<u>91,101,721</u>	<u>(9,651,909)</u>	<u>81,449,812</u>
<b>EXPENSES</b>			
Program Services	<u>85,103,090</u>	<u>-</u>	<u>85,103,090</u>
Supporting Services:			
General and Administrative	4,080,970	-	4,080,970
Fundraising	<u>602,786</u>	<u>-</u>	<u>602,786</u>
Total supporting services	<u>4,683,756</u>	<u>-</u>	<u>4,683,756</u>
Total expenses	<u>89,786,846</u>	<u>-</u>	<u>89,786,846</u>
Changes in net assets	1,314,875	(9,651,909)	(8,337,034)
Net assets at beginning of year	<u>5,923,530</u>	<u>116,015,554</u>	<u>121,939,084</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 7,238,405</u></b>	<b><u>\$ 106,363,645</u></b>	<b><u>\$ 113,602,050</u></b>

## RESOURCES LEGACY FUND

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		General and Administrative	Fundraising		
Grants and contracts	\$ 54,185,230	\$ -	\$ -	\$ -	\$ 54,185,230
Salaries and benefits	16,521,239	4,413,154	523,610	4,936,764	21,458,003
Travel	1,326,767	201,252	28,674	229,926	1,556,693
IT consulting and systems	761,971	464,168	15,844	480,012	1,241,983
Professional services	612,621	371,371	33,926	405,297	1,017,918
Office supplies and expenses	514,677	99,327	4,488	103,815	618,492
Lease expense	394,832	161,663	7,589	169,252	564,084
Conferences and meetings	479,051	50,733	1,563	52,296	531,347
Business insurance	5,165	123,840	-	123,840	129,005
Depreciation and amortization expense	50,495	40,265	1,862	42,127	92,622
<b>TOTAL</b>	<b>\$ 74,852,048</b>	<b>\$ 5,925,773</b>	<b>\$ 617,556</b>	<b>\$ 6,543,329</b>	<b>\$ 81,395,377</b>

See accompanying notes to financial statements.



## RESOURCES LEGACY FUND

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		General and Administrative	Fundraising		
Grants and contracts	\$ 67,637,959	\$ 2,500	\$ -	\$ 2,500	\$ 67,640,459
Salaries and benefits	15,066,462	2,664,105	458,660	3,122,765	18,189,227
Travel	726,879	85,439	35,356	120,795	847,674
IT consulting and systems	573,608	171,625	23,048	194,673	768,281
Professional services	283,975	349,234	30,000	379,234	663,209
Office supplies and expenses	268,646	44,916	9,698	54,614	323,260
Lease expense	148,101	562,738	43,242	605,980	754,081
Conferences and meetings	337,046	44,622	69	44,691	381,737
Business insurance	2,669	125,805	-	125,805	128,474
Depreciation and amortization expense	57,745	29,986	2,713	32,699	90,444
<b>TOTAL</b>	<b>\$ 85,103,090</b>	<b>\$ 4,080,970</b>	<b>\$ 602,786</b>	<b>\$ 4,683,756</b>	<b>\$ 89,786,846</b>

See accompanying notes to financial statements.

**RESOURCES LEGACY FUND**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 47,762,835	\$ (8,337,034)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	96,118	90,444
Net realized and unrealized (gain) loss on investments	(5,662,973)	9,370,771
Receipt of donated securities	(12,537,202)	(5,469,167)
Amortization of right-of-use asset	296,207	639,523
Discount on long-term receivables	1,257,452	-
Decrease (increase) in:		
Accounts and other receivables	477,591	(125,570)
Grants and contributions receivable	(28,277,433)	9,320,541
Prepaid expenses	(71,796)	276,422
(Decrease) increase in:		
Accounts payable	(60,774)	47,235
Grants payable	2,338,278	(2,907,341)
Contracts payable	(412,486)	615,095
Deferred revenue	(125,000)	47,500
Accrued salaries and related benefits	164,392	515,987
Deferred rent abatement	-	(68,276)
Operating lease liability	425,984	(634,345)
Net cash provided by operating activities	<u>5,671,193</u>	<u>3,381,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(1,333,853)	(9,139)
Purchase of investments	(41,600,338)	(37,454,304)
Proceeds from sale of investments	<u>46,136,970</u>	<u>54,173,580</u>
Net cash provided by investing activities	<u>3,202,779</u>	<u>16,710,137</u>
Net increase in cash and cash equivalents	8,873,972	20,091,922
Cash and cash equivalents at beginning of year	<u>43,131,359</u>	<u>23,039,437</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 52,005,331</u></b>	<b><u>\$ 43,131,359</u></b>
<b>SCHEDULE OF NONCASH FINANCING TRANSACTIONS</b>		
Operating Lease Right-of-Use Asset	<b><u>\$ 2,965,069</u></b>	<b><u>\$ 1,062,996</u></b>
Operating Lease Liability for Right-of-Use Asset	<b><u>\$ 3,412,530</u></b>	<b><u>\$ 1,077,723</u></b>

**RESOURCES LEGACY FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The Resources Legacy Fund (the Fund) is a nonprofit organization, incorporated and located in the State of California. The Fund builds alliances that advance bold solutions to secure a just and resilient world for people and nature. The Fund is an independent, nonprofit organization that partners with leaders in philanthropy, communities, government, science, and business to promote smart policies and secure equitable public funding for the environment, climate change resilience, and healthy communities. Across the American West and internationally, the Fund manages large, multi-year grantmaking programs and fiscally sponsors projects that advance enduring outcomes.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Fund that are subject to the guidance in FASB ASC 326 are trade accounts receivable. The Fund implemented the ASU on January 1, 2023, using a modified retrospective approach. Management performed an analysis and determined the effect of the standard is immaterial to the financial statements as a whole.

Cash and cash equivalents -

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Fund maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

**RESOURCES LEGACY FUND**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Fund's policy is to liquidate all gifts of investments as soon as possible after the gift.

Accounts and other receivables -

Accounts and other receivables primarily consists of amounts due within one year related to contract revenue. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. The Fund implemented the new accounting standard for determining the allowance for credit loss and determined it was immaterial as of January 1, 2023 and December 31, 2023. Accordingly, an allowance was not recorded as of December 31, 2023.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. For the years ended December 31, 2023 and 2022, the discount rate used was 7%. Amortization of the discount is included in contributions.

Grants and contributions receivable consisted of the following as of December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Less than one year	\$ 17,883,819	\$ 2,805,959
One to five years	14,564,573	1,365,000
Total	32,448,392	4,170,959
Less: Allowance to discount balance to present value	(1,257,452)	-
<b>TOTAL GRANTS AND CONTRIBUTIONS RECEIVABLE</b>	<b>\$ 31,190,940</b>	<b>\$ 4,170,959</b>

Fixed assets -

Fixed assets in excess of \$25,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years.

## RESOURCES LEGACY FUND

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Fixed assets (continued) -

Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended December 31, 2023 and 2022 totaled \$96,118 and \$90,444, respectively, which is presented net of allocations to related parties on the accompanying Statements of Functional Expenses.

##### Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statements of Activities and Changes in Net Assets to its current fair value.

##### Income taxes -

The Fund is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Fund is not a private foundation.

##### Revenue -

##### Grants and contributions -

The Fund receives grants and contributions, including unconditional promises to give, from many sources such as Foundations, individuals and other organizations. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Fund performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Fund had no refundable advances as of December 31, 2023 and 2022. In addition, Fund may obtain funding source agreements related to conditional contributions, which will be received in future years. Refer to Note 5 for the Fund's unrecognized conditional contributions.

## RESOURCES LEGACY FUND

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue (continued) -

Contracts revenue -

The Fund's contract revenue is the most significant revenue stream that is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Fund has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Fund's contracts with customers generally have initial terms of one year or less.

Grants and contracts expense -

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. 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. Those grants that have been awarded but yet to be paid are recorded as grants payable.

As of December 31, 2023, the Fund has outstanding conditional grants of approximately \$6,173,000 for funding Beyond Petrochemicals programs, \$9,000,000 pending receipt of sufficient incoming funds and \$600,000 for the purchase of land acquisitions, and \$1,000,000 for other various deliverables. As of December 31, 2022, the Fund has outstanding conditional grants of approximately \$7,950,000, \$114,617 pending receipt of sufficient incoming funds and \$485,741 for the purchase of land acquisitions and funding the Climate Power programs, respectively.

Additionally, the Fund contracts with consultants that provide a variety of services to the Fund's programs. These contracts are considered exchange transactions as the Fund receives commensurate value for the services provided. The Fund recognizes contract expenses as services or work is performed or expected to be performed.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Fund are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a reasonable basis.

## RESOURCES LEGACY FUND

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses (continued) -

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 its 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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

#### 2. INVESTMENTS AND FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Fund has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Fund has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**RESOURCES LEGACY FUND**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**2. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)**

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended December 31, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Exchange Traded Funds* - Valued at the closing price reported in the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Fund are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Fund are deemed to be actively traded.
- *Corporate Debt, Municipal Bonds, Government Asset-Backed Debt Securities* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes the investments measured at fair value on a recurring basis, by level, within the fair value hierarchy as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments</b>				
Mutual funds - fixed income	\$ 9,713,186	\$ -	\$ -	\$ 9,713,186
Mutual funds - equity	9,599,479	-	-	9,599,479
Corporate bonds	-	10,202,125	-	10,202,125
Municipal bonds	-	27,376,621	-	27,376,621
Exchange traded funds	3,090,238	-	-	3,090,238
Government asset backed debt securities	-	26,450,167	-	26,450,167
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 22,402,903</u></b>	<b><u>\$ 64,028,913</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 86,431,816</u></b>

The table below summarizes the investments measured at fair value on a recurring basis, by level, within the fair value hierarchy as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Mutual funds - fixed income	\$ 9,104,133	\$ -	\$ -	\$ 9,104,133
Mutual funds - equity	13,802,327	-	-	13,802,327
Corporate bonds	-	14,437,988	-	14,437,988
Municipal bonds	-	19,105,840	-	19,105,840
Exchange traded funds	3,837,095	-	-	3,837,095
Government asset backed debt securities	-	12,480,890	-	12,480,890
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 26,743,555</u></b>	<b><u>\$ 46,024,718</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 72,768,273</u></b>



**RESOURCES LEGACY FUND**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**2. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)**

Net investment return consisted of the following for the years ended December 31:

	<b>2023</b>	<b>2022</b>
Interest and dividends	\$ 4,023,462	\$ 1,782,972
Unrealized gain (loss)	2,857,483	(7,234,508)
Realized gain (loss)	2,805,490	(2,136,263)
Investment expenses provided by external investment advisors	(211,290)	(230,959)
<b>TOTAL NET INVESTMENT RETURN</b>	<b><u>\$ 9,475,145</u></b>	<b><u>\$ (7,818,758)</u></b>

**3. CONTRACT ASSETS AND CONTRACT LIABILITIES**

Contract assets consisted of the following revenue streams as of:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
<b>Contracts Revenue</b>	<b><u>\$ 126,538</u></b>	<b><u>\$ 509,884</u></b>	<b><u>\$ 367,961</u></b>

Contract assets are included in Accounts and other receivables on the accompanying Statement of Financial Position as of December 31, 2023 and 2022.

Contract liabilities consisted of the following as of:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Contracts payable	\$ 1,428,718	\$ 1,841,204	\$ 1,226,109
Deferred contract revenue	-	125,000	77,500
<b>TOTAL CONTRACT LIABILITIES</b>	<b><u>\$ 1,428,718</u></b>	<b><u>\$ 1,966,204</u></b>	<b><u>\$ 1,303,609</u></b>

**4. FIXED ASSETS**

Fixed assets consisted of the following as of December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Equipment	\$ 21,187	\$ 173,567
Furniture	553,405	186,091
Leasehold improvements	788,448	238,101
Total Fixed assets	1,363,040	597,759
Less: Accumulated depreciation and amortization	(96,196)	(568,649)
<b>NET FIXED ASSETS</b>	<b><u>\$ 1,266,844</u></b>	<b><u>\$ 29,110</u></b>

**RESOURCES LEGACY FUND**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**5. CONDITIONAL PROMISES TO GIVE**

During 2023, the Fund received \$3,887,028 in additional conditional grants, adding to the \$525,000 prior year balance. The Fund met program initiatives and milestones required to recognize \$1,995,645 total conditional revenue. The remaining \$2,416,383 was the unrecognized conditional contribution balance as of December 31, 2023.

During 2022, the Fund received \$1,119,059 in additional conditional grants, adding to the \$3,217,945 prior year balance. The Fund met program initiatives and milestones required to recognize \$3,812,004 total conditional revenue. The remaining \$525,000 was the unrecognized conditional contribution balance as of December 31, 2022.

**6. BOARD DESIGNATED NET ASSETS**

As of December 31, 2023 and 2022, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	<b>2023</b>	<b>2022</b>
Operating reserve	\$ 8,885,557	\$ 5,965,716
Designated for various conservation programs	794,619	1,272,689
<b>BOARD DESIGNATED NET ASSETS</b>	<b>\$ 9,680,176</b>	<b>\$ 7,238,405</b>

**7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Subject to expenditure for specified purpose:		
Fiscally sponsored projects	\$ 74,266,926	\$ 47,983,253
Lands, rivers and communities	69,725,107	52,636,722
Ocean, coast and fisheries	7,692,676	5,743,670
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$151,684,709</b>	<b>\$106,363,645</b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

	<b>2023</b>	<b>2022</b>
Purpose restrictions accomplished:		
Fiscally sponsored projects	\$ 48,297,560	\$ 52,550,650
Lands, rivers and communities	20,094,549	27,596,354
Ocean, coast and fisheries	8,812,064	7,699,327
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>\$ 77,204,173</b>	<b>\$ 87,846,331</b>

## RESOURCES LEGACY FUND

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

#### 8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 52,005,331	\$ 43,131,359
Investments	86,431,816	72,768,273
Accounts and other receivables	371,029	848,620
Grants and contributions receivable	<u>31,190,940</u>	<u>4,170,959</u>
Subtotal financial assets available within one year	169,999,116	120,919,211
Less: Donor restricted funds	(151,684,709)	(106,363,645)
Less: Board designated funds	<u>(9,680,176)</u>	<u>(7,238,405)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS  
FOR GENERAL EXPENDITURES WITHIN ONE YEAR**    \$ **8,634,231**    \$ **7,317,161**

The Fund is substantially supported by restricted contributions. Because a 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, 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 date or currently by incurring a penalty. In addition, the Fund invests cash in excess of daily requirements in short-term investments.

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 meeting operating needs if necessary.

#### 9. LEASE COMMITMENTS

The Fund follows FASB ASC 842 for leases. The Fund has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes.

The Fund leased office space for their headquarters in Sacramento, California under a thirty-seven (37) month lease agreement, which originated on February 1, 2020 and expired on February 28, 2023. Base rent was \$52,038 per year, plus a proportionate share of expenses, increasing by a factor of 50 cents a square foot per year. The Fund received twelve (12) months of free rent under this lease agreement.

On November 1, 2022, the Fund entered into an 11-year lease agreement for headquarter office space in Sacramento, California that commenced on April 1, 2023. Base rent is \$328,650 per year, increasing by a factor of 2.7% per year. The Fund received twelve (12) months of free rent under this lease agreement.

The Fund also rents office space in Colorado, New Mexico and Washington D.C. under various long-term lease agreements with varying expiration dates from 2024 to 2027.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosure of key information about leasing arrangements.

**RESOURCES LEGACY FUND**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**9. LEASE COMMITMENTS (Continued)**

For the year ended December 31, 2023 and 2022, respectively, total lease cost was \$564,084 and \$754,081 and total cash paid was \$322,109 and \$694,951 for all operating leases. As of December 31, 2023, the weighted-average remaining lease term and rate for operating leases is 14.53 years and 7%, respectively. As of December 31, 2022, the weighted-average remaining lease term and rate for operating leases is 2.44 years and 7%, respectively.

The following is a schedule of the future minimum lease payments:

<u>Year Ending December</u> <u>31,</u>	
2024	\$ 335,285
2025	419,656
2026	402,200
2027	374,652
2028	367,149
Thereafter	<u>4,463,536</u>
	6,362,478
Less: Imputed interest	<u>(2,542,774)</u>
	3,819,704
Less: Current portion	<u>(69,979)</u>
<b>LONG-TERM PORTION</b>	<b><u>\$ 3,749,725</u></b>

Additionally, the Fund subleased office space under a non-cancelable operating lease agreement that expired in March 2023. Rental income for the years ended December 31, 2023 and 2022 was \$34,971 and \$205,977, respectively.

**10. RETIREMENT PLAN**

Effective January 1, 2021, the Fund adopted a 401(k) retirement plan. Under the Plan, employees may participate beginning on the first day of the month following employment. Employees are 100% vested in safe harbor contributions and vest in 50% increments per year over two years, in all other employer contributions.

For the years ended December 31, 2023 and 2022, 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. Contributions to the Plan for the years ended December 31, 2023 and 2022 totaled \$1,110,167 and \$997,483, respectively, which is included in salaries and benefits on the accompanying Statements of Functional Expenses.

**11. CONCENTRATION OF REVENUE**

Approximately 55% and 58%, respectively of the Fund's contributions revenue for the years ended December 31, 2023 and 2022 was derived from four major donors. The Fund has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Fund's ability to finance ongoing operations.

**RESOURCES LEGACY FUND**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**12. RELATED PARTY**

The president of the Fund is also the president of Fund for a Better Future, Inc. (FBF) and Shared Ascent Fund (SAF). The Fund has an agreement with FBF and SAF to share resources of staff, office services, and technology resources.

The Fund received the following reimbursements for shared services for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Fund for a Better Future, Inc.	\$ 1,564,684	\$ 3,525,021
Shared Ascent Fund	<u>352,901</u>	<u>509,607</u>
<b>TOTAL</b>	<b><u>\$ 1,917,585</u></b>	<b><u>\$ 4,034,628</u></b>

The Fund had the following due from balances from related parties, which are included in accounts and other receivables in the Statements of Financial Position, as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Fund for a Better Future, Inc.	\$ 146,727	\$ 278,560
Shared Ascent Fund	<u>84,488</u>	<u>49,673</u>
<b>TOTAL</b>	<b><u>\$ 231,215</u></b>	<b><u>\$ 328,233</u></b>

The Fund contributed no funds to FBF or SAF during 2023 and \$10,150,000 to FBF and no funds to SAF during 2022. As of December 31, 2023 and 2022, the Fund did not have an outstanding conditional grant to FBF or SAF.

**13. PROGRAM TRANSFER**

On July 1, 2023, Climate Power Education Fund (“Sponsored Project”), a program under the Fund moved its operations and program to a new independent 501(c)3 organization. All unspent Sponsored Project balances as of June 30, 2023, were transferred in accordance with the spinoff agreement between the Fund and the Sponsored Project dated June 30, 2023.

The total net assets transferred consisted of the following:

<b>Cash and Cash Equivalents</b>	<b><u>\$ 4,330,000</u></b>
<b>Net Assets</b>	<b><u>\$ 4,330,000</u></b>

**14. SUBSEQUENT EVENTS**

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through June 10, 2024, the date the financial statements were issued.